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# Department of State bulletin

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National Security / 1

Japan / 58

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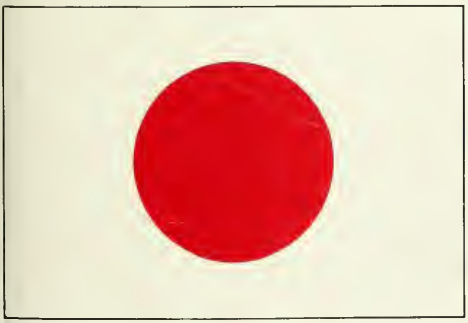

# Department of State bulletin

Volume 88 / Number 2133 / April 1988


Cover: Japanese flag (left); Egyptian flag (right).

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The Secretary of State has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1988.

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# CONTENTS

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## FEATURE

1 National Security Strategy of the United States (*President Reagan*)

## The President

2 Peace and Democracy for Nicaragua

## The Secretary

5 The Struggle Against Terrorism
8 Managing the U.S.-Soviet Relationship
13 America's Foreign Policy Agenda in 1988
18 Interview on "This Week With David Brinkley" (*Excerpts*)

## Arms Control

50 Nuclear Testing Talks Open Round Two (*White House Statement*)
51 Conference on Disarmament Reconvenes in Vienna (*President Reagan*)
51 Soviet Experts Visit U.S. Nuclear Test Site (*Joint Statement*)

## East Asia

52 U.S.-ASEAN Dialogue Held in Washington (*Secretary Shultz, Yeo Cheow Tong, Joint Statement*)
58 U.S.-Japanese Relations in Focus (*William Clark, Jr.*)
61 Visit of Japanese Prime Minister (*President Reagan, Noboru Takeshita, Joint Statement*)
64 U.S.-Japanese Relations

## Economics

65 U.S. Removes GSP Status for Four Economies (*White House Statement, White House Fact Sheet*)

## Europe

66 The U.S. Approach to Eastern Europe: A Fresh Look (*John C. Whitehead*)
68 U.S.-U.S.S.R. Meeting on Fisheries Issues (*Joint Statement*)
69 35th Report on Cyprus (*Message to the Congress*)

## Human Rights

70 The Semantics of Human Rights (*Richard Schifter*)

## Middle East

72 Visit of Egyptian President (*Hosni Mohammed Mubarak, President Reagan*)
74 Arab Republic of Egypt
79 Passport Restriction for Lebanon (*Department Statement*)

## South Asia

80 Continuation of Aid to Pakistan (*White House Statement*)

## United Nations

81 UN Agencies and the Budget (*Richard S. Williamson*)

## Western Hemisphere

85 Panama (*Department Statement*)
85 Aid to Nicaragua (*White House Statements*)
86 Central American Peace Process (*White House Statement*)

## Treaties

87 Current Actions

## Press Releases

89 Department of State

## Publications

89 Department of State
90 *Foreign Relations* Volume Released
90 CSCE Semiannual Report Released

## Index

## Corrections

The September 1986 issue of the *Bulletin* carried an incorrect version of the Department statement of June 9, 1986, concerning elections to the German Democratic Republic's *Volkskammer*. The second paragraph of that statement (page 59) should read:

"The procedure under which the East-Berlin sector of Berlin directly elects representatives to the *Volkskammer*, and thereby treats this sector as if it were part of the territory of the G.D.R., is in contradiction with the wartime and postwar agreements defining the status of the special Berlin area, and accordingly, also in contradiction with the Quadripartite Agreement of September 3, 1971, which applies to the whole of Berlin."

The opening paragraph of a statement by J. Stapleton Roy made on September 22, 1987, on New Zealand (see *Bulletin* of November 1987, page 46) should read:

"I am pleased to appear before the subcommittee to discuss U.S. policy toward New Zealand and specifically to present the Administration's position on H.R. 85, the New Zealand Preference Elimination Act. The Administration supports enactment of H.R. 85 as an appropriate response to New Zealand's recent enactment of its antinuclear legislation."

THE EDITOR ■

# National Security Strategy of the United States

## Preface

This statement of America's National Security Strategy builds on my initial report to the Congress and the American people last year. In the twelve months since, the strategy outlined in that first report has served the nation well in protecting our interests and advancing our security objectives around the world.

In my last year's report I noted that, at the outset of this Administration, I had set forth four broad objectives that underpinned our National Security Strategy. They were:

- First, to restore our nation's military strength after a period of decline in which the Soviet Union overtook us in many critical categories of military power;
- Second, to restore our nation's economic strength and reinvigorate the world economic system;
- Third, to restore the nation's international prestige as a world leader; and
- Fourth, to restore pride among all Americans and carry our message to the world that individuals and not governments should control their economic, spiritual and political destinies.

Our National Security Strategy continues to be aimed at reinforcing the gains we have achieved in each of these areas, while employing all the elements of our national power—political, economic and military—in a coordinated way to advance the full range of national security interests outlined elsewhere in this report.

The fundamentals of our strategy change little from year to year; our interests and objectives are derived from enduring values. Much of the discussion in this report therefore parallels that of last year, with changes as necessary to reflect significant developments in the interim. These include:

- Our persistence and adherence to principle have borne fruit in the historic agreement to eliminate intermediate-range nuclear forces (INF)—the first of the nuclear era to achieve meaningful reductions in U.S. and Soviet arsenals. This treaty is a victory for the Atlantic Alliance as well, reflecting the firmness that all allies showed. We have also made further progress toward a START [strategic arms reduction talks] agreement that could cut U.S. and Soviet strategic offensive arms by 50 percent.
- Our SDI [Strategic Defense Initiative] program is making great progress, moving us toward the prospect of a safer world—one which depends for its security on strategic defense, rather than on the threat of mutual nuclear retaliation.
- In the Persian Gulf we have augmented our traditional military presence to prevent Iran from interfering with U.S.-flag shipping and to support our diplomatic efforts to bring an end to the tragic Iran-Iraq war. Our allies' contributions to the safe navigation of the Gulf by non-belligerent shipping are welcomed, and underline the importance which the Free World ascribes to this strategically and economically pivotal region of the world.
- Critical imbalances remain in the international economy which could portend problems ahead unless they are addressed in a forthright and effective manner by the governments of the industrialized nations. The major world economies, including our own, are sound and can provide the basis for continued growth and prosperity, provided we and our partners deal with important fiscal, trade and budgetary issues in sensible and cooperative ways.
- In the Soviet Union we hear talk of "new thinking" and of basic changes in Soviet policies at home and abroad.

We will welcome real changes, but we have yet to see any slackening of the growth of Soviet military power, or abandonment of expansionist aspirations. As we work to find areas for further cooperation, we will continue to judge the Soviets by their actions, rather than their words, and to found our National Security Strategy on a realistic view of Soviet aims and capabilities.

• On many continents, efforts by the Soviet Union and its clients to impose or maintain Leninist regimes by force of arms are meeting increasing resistance. In Afghanistan, Nicaragua, Angola, and Cambodia, anti-Communist insurgencies are raising the cost of aggression and offering hope of just political solutions. Our strong support for Freedom Fighters, from Afghanistan to Nicaragua, is a vital insurance policy for peace with freedom. We are encouraging the broader democratic trend in the world—from Latin America to the Philippines, to the Republic of Korea.

• At home, however, the reluctance on the part of the Congress to provide the financial resources necessary to support our National Security Strategy is a cause for rising concern. Our assessment of risks to important U.S. interests has increased, and some of the recent gains in redressing the military and geopolitical balance are in jeopardy. The implications of this adverse trend, now in its third year, are discussed in more detail in the final chapter of this report.

I forward this report with the confidence that it will help the Congress and the American people better understand our National Security Strategy and contribute to the consensus needed to enable us to fulfill our responsibilities as leader of the world's democracies.

As I said in last year's report, we must never forget that freedom is never really free; it is the most costly thing in the world. And freedom is never paid for in a lump sum. Installments come due in every generation. All any of us can do is offer the generations that follow a chance for freedom. In the final analysis, this is the assurance that our National Security Strategy seeks to provide. I commend its reading to all Americans.

RONALD REAGAN

## I. Historical Dimensions of U.S. National Security Strategy

This is my second report to the Congress on our National Security Strategy. Its focus is on how the principal elements of national power—diplomatic and informational, economic and military—can be employed to support our national interests and promote the objectives of peace, security, and freedom. It analyzes the major political, economic, and military threats to our interests, and discusses the strategies that we believe most appropriate to respond to those threats and to help share the future in accordance with our positive goals and ideals. It also discusses some of the dilemmas, tradeoffs and risks that America faces, because we realize that our knowledge of our adversaries is never certain and that all resources, including our national will, are finite. Walter Lippmann once wrote:

> . . . the behavior of nations over a long period of time is the most reliable, though not the only index of their national interests. For though their interests are not eternal, they are remarkably persistent . . . There is no great mystery why this should be: the facts of geography are permanent . . . thus successive generations of men tend to face the same recurrent problems and to react to them in more or less habitual ways.

Lippmann's observation is particularly apt. While it is commonplace to hear that U.S. National Security Strategy changes erratically every four to eight years as a result of a new Administration taking office, in reality there is a remarkable consistency over time when our policies are viewed in historical perspective. The core interests and objectives of this Nation have changed little since World War II.

The first historical dimension of our strategy is relatively simple, clear-cut, and immensely sensible. It is the conviction that the United States' most basic national security interests would be endangered if a hostile state or group of states were to dominate the Eurasian landmass—that area of the globe often referred to as the world's heartland. We fought two world wa prevent this from occurring. And, s 1945, we have sought to prevent th Soviet Union from capitalizing on i geostrategic advantage to dominat neighbors in Western Europe, Asia and the Middle East, and thereby damentally alter the global balance power to our disadvantage.

The national strategy to achie this objective has been containmen the broader sense of that term. Ad istrations have differed over which instruments of national power—di matic and informational, economic military—should receive the most tention at any particular time. But the final analysis, every Administr since World War II has endorsed t concept that the United States, in nership with its allies, must preve the Soviet Union from dominating those great concentrations of indu power and human capacity that ar Western Europe and East Asia. T shortly after World War II, the U States helped rebuild, through the shall Plan, the war-ravaged econon of Europe, limiting Soviet opportu to exploit Europe's economic distr In addition, America deployed mili forces forward, as necessary, to he deter and contain Soviet military pansion. As Soviet capabilities gre our security also required a large tegic nuclear force to augment the ward-deployed conventional deterr and to reinforce our deterrence of nuclear and conventional attacks o ourselves or our allies.

The advent of nuclear weapons intercontinental delivery systems another dimension to our thinking about National Security Strategy: weapons became the primary thre our national survival. Thus, for ov forty years, the deterrence of nucl war and the reduction of its threat been major objectives of U.S. Nat Security Strategy. We have pursue these objectives with renewed vig and heartening results, during th Administration.

Similarly, the economic element of national power has long been an rtant component of our National rity Strategy. This Administra- s strong support for an open and nding world economy and trading em reflects a fundamental national est. The industrial democracies long been important trading na- . An open world of enterprise and ree movement of people, goods, deas are not only the keys to our perity, but basic moral principles. ee an expanding global prosperity hancing our own. The global econ- is clearly even more interdepend- ow than early in this century n America first endorsed these iples; and our need for access to kets and raw materials has in- sed. As a result, our commitment ee and fair trade among nations is er today than ever.

The facts of geography, as Lipp- n pointed out, dictate basic dimen- of our National Security Strategy. e the early 19th century we have eared invasions of the American land; and even to this day, our na- l territory remains relatively se- against conventional attack, ected by oceans on the east and and friendly nations to our imme- north and south. However, nu- weapons and the means to deliver e weapons over great distances can threaten our national survival. And of our friends and allies—as well e markets and resources that are grated with our economy—are ically distant from the continental ed States.

To help protect our friends and al- and other U.S. interests abroad, nust not only possess national ngth, but we must be able to pro- this power—diplomatic and infor- onal, economic and military— ss great sea and air distances. In military sphere, we must maintain capability to secure our worldwide s of communication; to project mili- power quickly; to sustain forces at t distances for extended periods of ; and to pose a credible deterrent hose who might contemplate aggres- against our allies and friends.

The United States has long recognized that, even as we have taken up a major role of world leadership, our interests and political values call for a deepening partnership with like-minded nations to advance the cause of peace and freedom. Thus, abiding commitment to strong alliances has been a consistent and vital component of American strategy since the Second World War. Even if we could afford, economically and militarily, to chart our National Security Strategy without allies—which we cannot—we would not want to do so. "Fortress America" is an obsolete concept. Such a policy would be dangerously misguided and self-defeating. Solidarity with our allies multiplies the strength of all. It permits a sharing of responsibilities and it reminds us that the cause of democracies is, after all, one of our most fundamental goals.

As with all Administrations, during our stewardship we have faced unique security challenges—and opportunities—presented by a dynamic world and America's own needs. This has given our National Security Strategy two additional emphases worth noting. The first is realism. We have sought to deal with the world as it is, not as we might wish it to be. A strategy without illusions, based on observable facts, has been our goal. We attempt to deal with both friends and adversaries on a basis that recognizes that acts are more important than words, and that frankness is the foundation of productive and enduring relationships among nations. At the same time, we have emphasized our willingness to dialogue—to engage our adversaries, in particular, in negotiations aimed at finding areas of common interest, reducing sources of tension, and rendering our relations more stable and predictable. By emphasizing realism and a willingness to talk, we have been able to place our arms reduction negotiations with the Soviets on a more solid basis, culminating in the first agreement between the superpowers to achieve significant reductions in nuclear arsenals.

This list of historical dimensions of U.S. National Security Strategy could be extended. Academics and practitioners have debated the issue for years. But the fundamental point should be clear: there has been impressive continuity in U.S. National Security Strategy, reflecting the fact that the strategy is grounded in unchanging geographic considerations and designed to preserve the fundamental values of our democracy.

## II. Fundamentals of U.S. National Security Strategy

### THE FRAMEWORK—VALUES, INTERESTS, AND NATIONAL SECURITY OBJECTIVES

Traditionally national security has been viewed as protection from external attack, thought of largely in terms of military defenses against military threats. But that is clearly too narrow a conception. A nation's security today involves much more than the procurement and application of military forces.

National Security Strategy must start with the values that we as a nation prize. Last year, in observing the 200th anniversary of our Constitution, we celebrated these values with a sense of rededication—values such as human dignity, personal freedom, individual rights, the pursuit of happiness, peace and prosperity. These are the values that lead us to seek an international order that encourages self-determination, democratic institutions, economic development, and human rights. The ultimate purpose of our National Security Strategy is to protect and advance those values. But, if they are to serve as the basis of a National Security Strategy, these values must be translated into the more concrete terms of national interests and objectives.

## U.S. Interests

Our National Security Strategy reflects our national interests and presents a broad plan for achieving the national objectives that support those interests. The key national interests which our strategy seeks to assure and protect include:

1. The survival of the United States as a free and independent nation, with its fundamental values intact and its institutions and people secure.
2. A healthy and growing U.S. economy to provide opportunity for individual prosperity and a resource base for our national endeavors.
3. A stable and secure world, free of major threats to U.S. interests.
4. The growth of human freedom, democratic institutions, and free market economies throughout the world, linked by a fair and open international trading system.
5. Healthy and vigorous alliance relationships.

***National Security Strategy must start with the values that we as a nation prize . . . such as human dignity, personal freedom, individual rights, the pursuit of happiness, peace and prosperity.***

## Major Objectives in Support of U.S. Interests

U.S. national security objectives are broad goals refined from our national interests. They provide a general guide for strategy in specific situations which call for the coordinated use of national power. Our principal national security objectives are:

1. To maintain the security of our nation and our allies. The United States, in cooperation with its allies, must seek to deter any aggression that could threaten that security and, should deterrence fail, must be prepared to repel or defeat any military attack and end the conflict on terms favorable to the United States, its interests, and its allies. Specifically:

- To deter hostile attack on the United States, its citizens, military forces, or allies and to defeat attack if deterrence fails.
- To deal effectively with threats to the security of the United States and its citizens short of armed conflict, including the threat of international terrorism.
- To prevent the domination of the Eurasian landmass by the Soviet Union, or any other hostile power or coalition of powers.
- To prevent transfer of military critical technologies and resources to the Soviet bloc and hostile countries or groups.
- To reduce our reliance on nuclear weapons by strengthening our conventional forces, pursuing equitable and verifiable arms control agreements, and developing technologies for strategic defense.
- To assure unimpeded U.S. access to the oceans and space.
- To foster closer relations with the People's Republic of China.
- To prevent the spread of nuclear weapons.

2. To respond to the challenges of the global economy. Our national security and economic strength are indivisible. As the global economy evolves in increasingly interdependent ways, we must be aware of economic factors that may affect our national security, now or in the future. Since our dependence on foreign sources of supply has grown in many critical areas, the potential vulnerability of our supply lines is a matter of concern. Additionally, the threat of a global spiral of protectionism must be combatted, and the problem of debt in the developing wo is a burden on international prosperi Specifically:

- To promote a strong, prospero and competitive U.S. economy, in th context of a stable and growing worl economy.
- To ensure access to foreign ma kets, energy, and mineral resources the United States and its allies and friends.
- To promote a well-functioning ternational economic system with m mal distortions to trade and investment, with stable currencies, broadly agreed and respected rules managing and resolving differences.

3. To defend and advance the ca of democracy, freedom, and human rights throughout the world. To ign the fate of millons around the world who seek freedom betrays our natic heritage and over time would endar our own freedom and that of our all Specifically:

- To promote national independ and the growth of free institutions worldwide.
- To encourage and support aid trade, and investment programs th promote economic development and growth of free and humane social a political orders in the Third World.
- To encourage liberalizing ten cies within the Soviet Union and it client states.

4. To resolve peacefully disput which affect U.S. interests in troul regions of the world. Regional conf which involve allies or friends of th United States may threaten U.S. in ests and frequently pose the risk o calation to wider conflagration. Conflicts, or attempts to subvert friendly governments, which are in gated or supported by the Soviets their client states, represent a par larly serious threat to the internat system and thereby to U.S. intere Specifically:

- To address, where possible, t root causes of regional instabilities which create the risk of war.
- To maintain stable regional m tary balances vis-a-vis the Soviet and states aligned with it.

• To neutralize the efforts of the et Union to increase its influence in e world, and to weaken the links be- n the Soviets and their client s in the Third World.

• To aid in combatting threats to tability of friendly governments nstitutions from insurgencies, sub- ons, state-sponsored terrorism and nternational trafficking of illicit s.

5. To build effective and friendly ionships with all nations with n there is a basis of shared con- In the world today, there are over ations. Not one of them is the l of the United States in total r or wealth, but each is sovereign, nost, if not all, touch U.S. inter- directly or indirectly. Specifically:

• To make major international in- tions more effective in promoting e, world order and political, eco- c and social progress.

• To seek opportunities to improve ions with the Soviet Union on a stic and reciprocal basis.

• To improve relations with other ns hostile to us in order to reduce hance of future conflict.

• To strengthen U.S. influence ghout the world.

## NCIPAL THREATS TO INTERESTS

most significant threat to U.S. se- y interests remains the global chal- e posed by the Soviet Union. ite reforms that the leadership of Soviet Union has recently under- n—the significance and durability ich remain unclear—Soviet mili- power and active diplomacy con- e forcefully to challenge our vital ests in many parts of the world. Soviet Union places a high priority eating and exploiting divisions in and among the Western allies. ey developing countries it supports unist parties, insurgent move- ts, and other elements that seek to ermine governments allied with or dly to the United States and to ace them with authoritarian or to- arian regimes. In other developing countries, modernizing forces struggling to create or consolidate democratic and free market societies are actively opposed by groups supported or inspired by the Soviet Union and its allies.

As a result of changes in leadership style, the Soviet Union has succeeded in projecting a more favorable international image. Proposed domestic reforms and foreign policy initiatives have given rise, in some cases, to hopes for fundamental changes in Soviet behavior. The new style of Soviet policy has its political impact. Moscow is moving in new directions, offering an array of initiatives, putting old assumptions in doubt, attracting new support internationally, and sometimes placing Western governments on the defensive. This poses a new, continuing, and more sophisticated challenge to Western policy. Whether recent changes constitute a real opportunity for more fundamental improvements in relations with the Soviet Union remains to be seen. We are open-minded on this score. While recognizing the competitive and predominantly adversarial character of our relationship, we shall maintain a dialogue with the Soviet Union in order to seize opportunities for more constructive relations.

Although the Soviet Union still poses the primary security threat, we and our allies and friends also face a diversity of other serious security challenges: regional and low-intensity conflicts; the potential for nuclear proliferation; international terrorism; narcotics trafficking; radical politico-religious movements; and problems of instability, succession, and economic development in countries that are important friends and allies.

In Europe, the principal threat to America's interests, and to those of our allies, continues to be that posed by the ongoing buildup of Warsaw Pact military capabilities. For decades the Soviet Union has allocated a disproportionately high share of its national income to military expenditures and has created technologically sophisticated forces far in excess of any plausible need for self-defense. Equally threatening, but much more subtle, is the continuous political warfare against Western cohesion through propaganda, particularly focused on the younger generations of Western Europeans. Through such means the Soviet Union is attempting to affect public opinion in allied countries to weaken relations with the United States, erode the commitment to defense, and encourage support for Soviet policies and proposals. Ultimately, the Soviet Union still seeks to separate Western Europe politically and militarily from the United States, thereby altering the global balance of power in the most fundamental way.

Beyond the challenges in Europe, other areas give cause for concern. Free World interests in the Middle East are seriously threatened by the protracted war between Iran and Iraq, and by Iran's drive to become the dominant power in the region. Tehran's threats to friendly Gulf States and to international shipping in the Persian Gulf have caused the United States and several of its allies to provide naval protection for their own shipping, and to assist certain of the Gulf States. The aggressive radical regime in Iran persists in threatening its neighbors which are friends of the United States with military force, and through terrorism and subversion. Its terrorist surrogates in Lebanon fuel the anarchy in that stricken country, while Iran advertises its willingness to use terrorism against United States personnel and facilities in the Middle East and elsewhere. Whatever Iran's mistrust of the Soviet Union, Iran's policies undermine Western friends and Western relationships in the Middle East and objectively benefit the Soviet Union globally.

Fragile democratic governments in Central and South America are being confronted by myriad social and economic problems. At the same time, radical and insurgent groups supported by the Soviets, the Sandinista regime in Nicaragua, and by Cuba are a source of political destabilization. Prospects for an enduring peace in Central America will be bleak as long as the Sandinista leaders betray their promises of genuinely democratic government and support insurgent forces attempting to subvert their neighbors.

Other regional tensions and conflicts—such as those on the Korean peninsula, in Indochina, in Southern Africa, and between Israel and its Arab neighbors—threaten both international peace and the internal stability of friendly states. In the Philippines, for example, the fledging democratic government is besieged by a variety of extremist forces some of which wish to impose authoritarian regimes.

Low intensity conflicts, the increasing linkages between international terrorists and narcotics traffickers, as well as racial, sectarian, and other tensions continue to challenge U.S. interests and our hopes for human betterment. Refugees from these conflicts can place powerful burdens on the economies and societies of host countries, and require substantial quantities of international relief.

The spread of nuclear weapons to additional nations threatens to exacerbate regional conflicts and could conceivably involve the United States and the Soviet Union in nuclear conflicts. This proliferation could ultimately make nuclear deterrence less stable. At this time, the most difficult regional nuclear rivalry involves India and Pakistan, but other areas of the world, including the Middle East, Africa, and Latin America could be subject to similar dangers in the future.

Although in recent years the international economic and financial system has proved to be remarkably resilient, sudden, unexpected shocks can pose major new challenges to U.S. interests. The hard currency debts of many developing nations—including several that are neighbors and important friends and allies of the United States—have had severe and destabilizing consequences within their societies. Most of the debtor states have been unable to achieve sustained and significant economic growth since the early 1980s and have experienced high rates of unemployment and inflation, and extended periods of unpopular austerity. Many of these countries are also adversely affected by low commodity prices in the international market, capital flight, excessive government spending, narcotics production and trafficking, and other indigenous and externally imposed problems that will not be easily remedied. The longer the economies of the major debtor states fail to rebound from these conditions, the greater are the possibilities that irresponsible elements will gain local support for nationalistic responses that could damage important U.S. interests.

In addition, rising pressure in some major trading nations for greater protection from foreign competition could place powerful new downward pressure on these national economies. Potentially, this could result in a spiral of protectionist measures that would endanger the international trading system.

Finally, the prospects for world peace and prosperity—and thus for U.S. interest in a just and progressive international order—will be influenced by other problems in certain parts of the world. Critical shortages of food, a lack of health services, and inabilities to meet other basic needs will keep millions of people, particularly in Africa in peril. The dangerous depletion or contamination of the natural endowments of some nations—soil, forests, water, air—will add to their environmental and health problems, and increasingly to those of the global community. These problems cannot l resolved simply through outside assistance, for many of them will requ policy changes and leadership by go ernments and elites in the countries themselves. But all create potential threats to the peace and prosperity that are in our national interest, as as the interests of the affected natio

In summary, this broad range o threats to our national interests pro vides the backdrop against which w formulate our National Security Str egy. As we seek ways to promote ou national interests and objectives, a careful understanding of these evolv threats is essential to proper strate formulation.

## III. Power, Policy, and Strategy

### ELEMENTS OF U.S. NATIONAL POWER

Having described our national security interests, objectives, and the range of threats that we face, it is appropriate next to turn to the national means available to achieve our objectives and to the strategies that relate means to ends.

The means available are the elements of national power that the United States possesses—diplomatic and informational, economic and military—and which we employ to influence the behavior of other nations. Power, it is often said, is the quintessence of strategy. Unfortunately, America's national power is sometimes thought of only in coercive or military terms. I believe, however, that national power is also derived from a nation's moral legitimacy and leadership, as we exemplified by the Marshall Plan after World War II—an act of strengthening allies, of enlightened self-interest. Today, tions understand that the effective of national power is something mor than the simple use of force; and w seek to follow a National Security Strategy that ensures we can relate other nations on the basis of credib rather than simple capability.

We have an exceptionally diver array of instruments for employing various elements of national power. ercised by the Executive Departme and Agencies, these tools are most fective when integrated, tailored to specific situation, and guided by a c mon strategy for their implementat These instruments include:

- **Moral and political example.** American spirit and prosperity rep sent a critical challenge to the ideol and the practical record of our adve saries: free, pluralist societies work Since the days of our Founding Fat this power of example has represen

tent leverage in international rela-
s. But we should not leave its ex-
sion and understanding to chance.
in our interest to spread this mes-
in an organized and effective way.

• **Military strength.** A strong mili-
capability is essential for a stable,
re environment in which our adver-
s are deterred and diplomacy can
ffective.

• **Economic vitality.** America's eco-
c strength sustains our other ele-
s of power and fortifies our
ions with the countries that share
nterest in a free and open interna-
l economy.

• **Alliance relationships.** The pur-
of American security objectives de-
s on cooperation with like-minded
national partners. These rela-
hips enhance our strength and mit-
the understandable reluctance of
American people to shoulder se-
y burdens alone. The predictable
ulties that arise from time to time
alliance relationships must be
sured against the enormous bene-
hat these ties bring us and our
ds.

• **Public diplomacy.** This is a key
ument—one with an impact both
ng and subtle on international polit-
events and how people perceive
. Through our public diplomacy ac-
es, we seek to explain to foreign
ences our policies and actions in
that are clear, credible, and likely
icit support for our interests and
ctives.

• **Security assistance.** By helping
ds and allies acquire the means to
nd themselves, we complement the
ilding of our own military strength
increase the human and material
urces available for the defense of
world interests. In the process, we
ce the likelihood of direct Ameri-
involvement in potential conflicts.
rity assistance is a key instrument
ur national security strategies, a
uctive and highly leveraged invest-
t that promotes our security inter-
at bargain prices.

• **Development assistance.** It is in
national interest to support efforts
iendly developing countries to pro-
for the basic needs of their people.
Development assistance plays a vital role in encouraging market-oriented approaches with the potential to increase income levels in recipient countries. A well structured and financed development assistance program enhances our world leadership and influence.

• **Science and technology cooperation.** For many countries, access to advanced scientific and technological resources is critical to prosperity and long-term economic growth. U.S. world leadership and our vast resources in science and technology are important strategic assets to strengthen existing ties with friends and allies; and promote positive relationships with key developing nations.

• **International organizations.** Multilateral diplomacy and participation in international organizations such as the United Nations and the International Monetary Fund provide opportunities to address common global problems and share the task of solving them. Skillful diplomacy within these and other multilateral organizations can serve to enhance our overall goals on issues such as peacekeeping, promotion of human rights, and encouraging the development of free economic and political systems.

• **Diplomatic mediation.** In regions where conflict threatens our interests or those of our friends, political efforts can play a major role in ending violence, promoting freedom and national self-determination, and laying the foundations for future stability. The initiatives of American diplomacy take their strength from effective and integrated use of the tools already discussed, and from the ability of U.S. representatives to act credibly as mediators of disputes. Making clear the firmness of our commitments to friends and allies increases the incentives to negotiate seriously.

## A PERIOD OF TRANSITION

We are living in times that historians will characterize as a period of transition in international security affairs. As noted in my first National Security Strategy Report, this transition really began in the late 1970s when our policies to rebuild our allies' economies had long since succeeded, and America no longer held an overwhelmingly predominant economic position vis-a-vis Western Europe and East Asia. This realignment of economic strength is likely to continue into the next decade with the further evolution of East Asia's industrial economies, particularly that of China.

This transition period has also been marked by the Soviet Union's massive military buildup—consuming as much as 15–17 percent of annual GNP. This large, unmatched investment provided the Soviets by the 1980s a position of strategic nuclear parity, quantitative conventional force superiority around the Eurasian rimland, and a modern, globally deployed navy. The buildup has also supported the projection of Soviet influence into many areas of the world—particularly the unstable Third World regions of Southeast and Southwest Asia, Africa, and Latin America. The buildup's consequences will continue to present a major threat to our security and that of our allies for years to come.

Two other major trends characterize this period of transition in international security affairs. The first is the revolution in military technology that is already well underway. New surveillance and targeting systems, new means of destruction, and low observable (stealth) technology will soon provide military capabilities previously thought wholly infeasible. Similarly, rapid advances in microelectronics will allow the command, control and communications, integrated with intelligence sources to provide the necessary strategic and tactical direction of such advanced military operations.

Our military leaders, as well as those of our adversaries, are now rethinking military doctrines and force structures as a result of these and other applications of advanced technology to military power. As this trend continues, military competition is likely to focus increasingly on non-nuclear weapons, where the combinations of stealth and extreme accuracy at long ranges will reopen the possibility of non-nuclear strategic attack. Space will also become a more prominent area of

activity, not the least because of its growing importance for air, ground, and naval warfare. We expect that this revolution in military technology will continue well into the next decade and necessitate the adaptation both of military doctrines and of national security strategies. In this regard, the recent report of the bipartisan Commission on Integrated Long-Term Strategy helps bring into focus the essentiality of maintaining our technological superiority through coherent military research and development programs aimed at exploiting emerging strategic opportunities.

The last major trend of this transition period is the diffusion of economic power and advanced technology to the Third World. This combination of economic growth and technological maturation has already provided several countries with an independent capability to produce large numbers of advanced weapons systems, both for their own use and for export. Thus, countries dependent on neither the United States nor the Soviet Union could in the not too distant future possess the capability to conduct a major war, either against each other or against a world power. The arsenals at the disposal of these sovereign countries are likely to include chemical weapons, and may eventually include nuclear weapons and space systems for target location. As this trend continues, the potential for mid- and high-intensity conflict increases in many regions of the world, some of which are already suffering from various types of low intensity conflict.

In responding to these emerging features of the strategic landscape, we have formulated our strategies to play to our strengths and to exploit our adversaries' weaknesses. For example, our defense policies stress that the United States and its allies must continue to enjoy technological superiority over the Soviet Union. The West's spirit of inquiry and the free flow of information permit technology and innovation to flourish to a far greater degree than in a closed society. Our advantages in areas such as precision guided munitions, stealth technology, submarine quieting, and super-computer technology are important strategic assets and we intend to exploit them, and to protect them from Soviet attempts to acquire them—either by purchase or theft.

In a similar manner, our diplomatic policies are designed to play to the strength of our alliance relationships. In Europe, we and our NATO allies are partners in a voluntary coalition of sovereign, equal nations—in stark contrast to the Warsaw Pact and the Eastern European countries still dominated by Soviet military power. In this period of transition we have new opportunities as our allies display an increasing willingness to seek a larger role in providing for Western European defense. We welcome this trend, knowing we are working from the strength of an abiding alliance partnership, and that increasing allied contributions are important to assuring the Alliance's long-term effectiveness and viability.

But the period of transition is not over; and administrations after mine will continue to adapt strategic concepts and policies to the realities of an evolving world—one in which America must always play a leading role, to help shape a positive future for ourselves and our allies.

The remainder of this section discusses the fundamental policies—diplomatic, economic and defense—that guide our use of the elements of national power as we formulate strategy. These policy guidelines provide coherence and consistency among the set of integrated strategies which are discussed in the chapter that follows.

## U.S. DIPLOMATIC POLICY

### Policies to Move America Forward

As I have stated on many occasions, our diplomacy has aimed at ensuring, in the nuclear age, both peace and freedom. Working with our allies and friends, we have sought to push beyond the stalemates of the postwar era and directly confront two transcendent issues affecting our national security—the danger of nuclear warfare and the continuing expansion of totalitarian rule.

In dealing with the nuclear thre we have gone beyond traditional arm control and, together with our NAT allies, have sought verifiable reducti in nuclear arsenals. At the same tim we have launched a new program of search into ways to defend ourselve against ballistic missile attack. In d so, we seek to maintain deterrence while moving away from reliance on taliation, and toward a situation in which ballistic missiles will ultimate be rendered obsolete.

While we have sought arms red tions and greater reliance on defens measures, we have never lost sight the fact that nations do not disagre because they are armed; they are armed because they disagree on ve important matters of human life an liberty. The fundamental difference tween totalitarian and democractic remain. We cannot gloss them over can we be content with accepted spheres of influence, a world only h free. Thus, we have sought to adva the cause of freedom where opportunities exist to do so. Sometimes means support for liberalization; s times support for liberation.

In regional conflicts, for exam we have elaborated a policy of help anti-Communist insurgents in thei tle to bring self-determination, ind pendence, and human rights to the own countries. This doctrine was fi reflected in our decision to assist t people of Afghanistan in their figh against Soviet invasion and occupa It was an important part of our de sion to assist the people of Nicarag their battle to restore the integrity their 1979 revolution and make the Sandinista government keep its pr of democratic rule. Our current eff in Angola in support of freedom fi ers constitute the most recent exte sion of this policy.

Undergirding all of this is our tinuing commitment to public cand about the nature of totalitarian rul the ultimate objectives of U.S. for policy: peace, yes, but world freed as well. We refuse to believe that

rhow an act of hostility to proclaim licly the crucial moral distinctions een democracy and totalitarianism.

### rmational Support to omatic Power

re faced with a profound challenge ir national security in the political This challenge is to fight the war eas and to help support the political structure of world democracies. To nplish this we must be as commit- o the use of the informational as- s of our diplomatic power as to the r elements which comprise it.

Here in the United States, public on polls consistently find that, de- ing on the issue, up to two-thirds of American electorate normally take terest in foreign policy. Moreover, a slight majority of Americans to- believe that this country needs to an active part in world affairs. e is no natural domestic constitu- for America's foreign policy—we build one.

The agencies which we use to imple- t such an approach include the De- ments of State and Defense, Agency nternational Development (AID), U.S. Information Agency (USIA), as as several less traditional partici- s, including the Departments of merce and Treasury, and the U.S. le Representative (USTR). All con- ute to our Public Diplomacy and re- l informational programs.

Another important way of achieving is through the private sector. During past seven years, we have encour- l the American private sector to be- e a key element in the projection of . foreign policy goals. Leading pri- citizens and groups have taken s to identify and organize the many l forces throughout America that e a direct stake in our nation's rela- s with the rest of the world. These ate voluntary organizations are doing ndispensable job of public education. y have our strongest encouragement support.

While we focus on the needs of an ctive diplomatic and informational cy, we must keep in mind that the Soviet Union is pursuing a very aggressive public deception and propaganda program, using a wide range of techniques aimed not only at the Third World, but also at us and our alliance partners. The challenge is to counter Soviet propaganda and so-called "active measures" using the full range of our informational programs to tell the truth about American values, interests, and policies.

> ***. . . our diplomacy has aimed at ensuring, in the nuclear age, both peace and freedom.***

Our political and informational power must also reach to the peoples of denied areas, particularly the U.S.S.R. and Eastern Europe—to encourage hope for the change and to educate publics on the benefits of free institutions. We undertake this through the electronic media, written materials, increased contracts and the exchange of ideas that come from such contacts. Any process of change must find its roots within a closed society, but knowledge of the world at large may be a stimulant; and the free flow of ideas and information is, in itself, one of the goals of those who seek democratic change. For our part, we proceed from our fundamental belief that a world composed of free, sovereign democracies will be a safer, more stable world—one where respect for the dignity of all people has a better chance to be realized.

## U.S. ECONOMIC POLICY

### International Economic Policy

U.S. national power rests on the strength of our domestic economy. A growing, resilient and technologically vigorous economy is vital to our national security. In peacetime it is the fundamental underpinning of our national defense capabilities. In a crisis or during wartime it provides the ability to respond rapidly with skilled personnel, expanded production capacity, and supplies of critical materials. World Wars I and II demonstrated the vital importance of a strong domestic economy able to produce quickly and efficiently the goods needed to defend ourselves and our allies.

Our economic strength has domestic and international dimensions, although the distinctions are neither easy nor rigid. Domestically, it is in our national security interest to maintain a dynamic research and development capability which enables us to be in the forefront of technological advance. Our manufacturing sector must remain competitive with those in other leading industrial countries. Our financial and service industries must provide up-to-date tools for the continued growth of our economy. Other sectors of the economy, such as energy and transport need to be of sufficient size and diversity to provide a critical nucleus should we need to respond to an emergency. Finally, our labor force is—and will remain—a key element of our economic strength. An innovative, adaptive and educated labor force remains essential to the development of new technologies, the continued growth of our economy and the production of competitive goods.

While mindful of the need for a strong domestic economy, we do not—and should not—strive for domestic economic self-sufficiency or for dominance in all economic sectors. Market economies are interdependent. Since 1945, we have pursued a vigorous policy, first, of helping rebuild the European and Pacific economies devastated by war; and second, of supporting economic cooperation and development among all Free World economies. We strongly believed then—as we do now—that national economic strength is a shared strength. For example, we support European efforts at economic integration through the European Community because we believe that a strong European economy will be better able to contribute the resources necessary for a strong Alliance defense. Likewise, the Free Trade Area Agreement recently negotiated with our largest trading partner, Canada, directly and positively contributes to our collective

security in North America. Just as our defense depends on the cooperation and participation of our allies, so does our economic prosperity. Thus our economic objectives in support of our security policies are necessarily global. However, one central consequence of our interdependence is that we cannot dictate economic policy but must consult and negotiate, recognizing the realities of mutual dependence.

As the world's leading economic power, we have a responsibility by our actions at home to help sustain and extend the global economic recovery. The unprecedented peacetime expansion of the American economy since 1982 provides a vivid demonstration of the power and creativity that free enterprise can unleash. However, the United States has not accomplished this alone. International flows of people, capital and goods have enabled us to improve our standard of living far beyond that which would have resulted from a closed economy. In return, American technology, capital and goods have enabled other countries to improve their economies. Our success also provides constructive examples of the benefits of open societies and economies. At home we must implement economic policies that continue to promote growth, while holding down inflation and reducing the federal deficit by controlled government spending. The budget compromise which we reached late last year with the leaders of the Congress is an important step toward those ends. Limiting the cost of central government will allow resources to be more productively used by the private sector. By reducing the federal deficit and promoting private saving, we can reduce undue dependence on inflows of foreign capital and play a stronger role in providing capital to support growth on the global economy.

A natural consequence of societies' striving to grow and be competitive in the world economy is periodic tension manifested in trade disputes and other bilateral economic difficulties. The United States, as the leading proponent of an open international trading system, has led in the construction of the present General Agreement on Tariffs and Trade (GATT) system, which has promoted over the years a vigorous expansion of trade to the benefit of all. We are now seeking to strengthen that system and bring it up to date. We strongly support the Uruguay Round of multilateral trade negotiations which aims further to reduce barriers to global trade. For the first time, agriculture, intellectual property rights, trade in service (such as banking, insurance and transportation), and investment will be the focus of serious negotiation.

History has shown that free, open economies with unrestricted trade are strong economies, which grow faster and have the resources with which to defend themselves. Open trade and cooperation among nations also help to cement alliances which in turn bolsters our coalition defense efforts. The challenge to the United States now is to avoid letting tensions and disputes over trade issues undermine domestic support for free trade, or become a catalyst for policies which only serve to reduce overall economic growth, and thus work in opposition to our security objectives. In this regard, we must actively resist the temptation to impose protectionist measures in order to cope with trade imbalances, while responding to the legitimate concerns of U.S. industry about the unfair trade practices of other countries. Protectionist trade legislation would be a major threat to our economic health, to economic and political relations with our allies, and to our collective economic and military strength.

There are times, however, when we must restrict economic relations between the United States and other countries not only for reasons of national security, but to protest odious national behavior. By restricting economic relations, we seek vigorously to persuade the target country that its behavior is unacceptable. For example, U.S. economic leverage is employed against nations that threaten regional stability or support international terrorism, such as Cuba, Libya and Nicaragua. However, economic sanctions are never imposed without careful consideration, as they inevitably impose costs on American business as well as foreign clients. For that reason our policy will continue to be to use them sparingly, and only continue them when their need and effectiveness can be clearly demonstrated.

Energy is an important underpin ning to our economic, industrial and tary strength, and thus to our nation security. Over the long term, our national energy policy is aimed at ensu adequate supplies of energy at reaso able prices by strengthening domesti energy industries, diversifying energ sources, and improving energy efficiency. We are working through the I ternational Energy Agency to assist allies to develop complementary stra egies. More immediate objectives are reduce the nation's vulnerability to d ruptions in foreign energy supplies a to lessen the impact on the civil econ if disruptions should occur. This inclu plans for increasing the size of the S tegic Petroleum Reserve, promoting ternational cooperation with allies ar partners in the International Energy Agency, and encouraging research in economically viable technologies that crease energy efficiency or that mak use of alternative sources of power.

Internationally, we have led in t coordination of economic policy amor the major industrialized countries. In dition, we will continue to assist dev ing countries to realize sustained, no inflationary growth, since we unders that this is in our mutual economic a security interest. We will encourage effective adjustment process for debt nations, supported by adequate priva and public financing. To help debtor countries, we have expressed our wil ingness to negotiate additional resou for the World Bank. The United Stat has welcomed a proposed enlargeme the IMF's [International Monetary F Structural Adjustment Facility. We a have proposed a broadened IMF faci to provide a financial cushion for vul nerable developing countries dealing with the vicissitudes of external economic forces.

As noted earlier, our nation's d fense edge is based on technological rather than numerical superiority. I lose this edge, we also lose an esse element of our military deterrent. There is concern that the loss of advanced production capabilities in cri cal industries could place our defen manufacturing base in jeopardy. We must avoid situations where increas

lence on other countries for advances ctical technologies could, over the term, turn into vulnerabilities. urthermore, the fruits of the free-et economy must not strengthen ilitary capability of our adversar-Ve, as well as our allies, must nue to ensure that economic rela-ips with the Soviet bloc do not en our national security. For ex-, we have reached agreement on ating preferential credit terms to oviet Union. Working through the national Energy Agency, we and llies have reduced the substantial f Western European dependence viet energy. Acting with our allies gh the Coordinating Committee ultilateral Export Controls OM), we are making progress to-ensuring that militarily sensitive ology does not flow to the Soviet and that competitor firms in )M member nations bear the same t restrictions as U.S. firms. We ontinue to improve the COCOM v process, to harmonize and n national licensing and enforce-procedures, and to encourage er cooperation with allies and ls. The dual objectives of protect-nd sharing militarily significant ologies pose a challenge, one more difficult by rapid tech-ical changes. But it is a challenge ust meet.

Ve willingly offer our philosophy of market economies to centrally ed regimes. Indeed, it is only by ing market mechanisms that these es can satisfy the economic needs lesires of their peoples. However, et economies only flourish where om and individual rights are en-ged. The IMF, GATT and other national economic institutions are ly concerned with improving rela-among free individuals, busi-s and financial institutions. While ote recent Soviet policy statements ding "reconstruction" and eco-c reform, the Soviet economic m remains at this point fundamen-incompatible with participation in world institutions. Policy state-s must be translated into positive ns before such participation can be dered.

## U.S. DEFENSE POLICY

### A Policy of Deterrence

The third element of U.S. national power is military. In some cases, the integrated use of the other elements of national power will be insufficient to meet the threats to our security interests. We therefore must be—and are — ready to employ military power in coordination with the other elements. However, the ultimate goal when applying military force, or projecting military power, is to encourage political solutions. War is the least desirable alternative, but only by being prepared to wage war successfully can we deter it.

America's defense policy throughout the postwar period has been aimed at deterring aggression against the United States and its allies. Deterrence works by persuading potential adversaries that the costs of their aggression will exceed any probable gains. Deterrence is the basis of our military strategy against conventional as well as nuclear aggression. Because any conflict carries the risk of escalation, our goal is to dissuade aggression of any kind.

We seek also to prevent coercion of the United States, its allies, and friends. Successful coercion could give a hostile power the benefits of victory without the cost of war. As discussed earlier, the Soviet threat manifests itself not only in the danger of an actual attack, but in the form of propaganda, intimidation and coercion as well. The Soviets still seek to dominate Western Europe and Japan without having to fire a shot—a coercive threat which must and will be deterred by our political determination, our defense capabilities, and our alliance relationships.

To deter the Soviet Union, we must make clear to its leaders that we have the means and the will to respond effectively to coercion or aggression against our security interests. While emphasizing our resolve to respond, our policy is to avoid specifying exactly what our response will be. This is the essence of our strategic doctrine of "flexible response," which has been United States policy since 1961 and NATO strategy since 1967. Specifically, our forces deter a potential aggressor by confronting him with three types of possible responses from which we could choose at the appropriate time:

- **Direct Defense:** To confront an adversary with the possibility that his aggression will be stopped without our resorting to actions which escalate the conflict. This is sometimes referred to as "deterrence through denial." Defeating a nonnuclear attack with conventional forces only would be an example of direct defense.
- **The Threat of Escalation:** To warn an adversary that his aggression could start hostilities that might not be confined in the manner he hopes or envisions and that escalation could exact far greater costs than he anticipates, or could bear. In this regard, NATO's deterrence of a Soviet conventional attack is enhanced by our ability and resolve to use nuclear weapons, if necessary, to halt aggression.
- **The Threat of Retaliation:** To raise the prospect that an attack will trigger a retaliatory attack on the aggressor's homeland, causing his losses far to exceed any possible gains. Our deterrence of a Soviet nuclear attack on the United States is based on our resolve to retaliate directly against the Soviet Union.

### Maintaining Strategic Deterrence

While deterrence requires capabilities across the entire spectrum of conflict, its essential foundation is provided by our strategic nuclear forces and the doctrine which supports them. Nuclear deterrence, like any form of deterrence, requires us to consider not what would deter us, but what would deter a potential attacker, particularly one whose perceptions of the world and value system are substantially different from our own. Since we can never be entirely certain of Soviet perceptions, we must ensure that both the effectiveness of our strategic forces and our will to use them, if necessary, are never in doubt.

In the interest of ensuring deterrence, the United States maintains diversified strategic retaliatory forces to hedge against a disarming first strike,

to complicate Soviet attack plans, and to guard against technological surprise. To this end we maintain a variety of basing modes, launch platforms, and attack vehicles, achieving diversity through a triad of submarine launched ballistic missiles (SLBMs), intercontinental ballistic missiles (ICBMs) and bombers. Adequate and survivable command, control and communications are essential to our strategic force structure and critical to the credibility of our strategic deterrent.

Our strategic forces and the associated targeting policy must, by any calculation, be perceived as making nuclear warfare a totally unacceptable and unrewarding proposition for the Soviet leadership. Accordingly, our targeting policy:

- Denies the Soviets the ability to achieve essential military objectives by holding at risk Soviet warmaking capabilities, including both the full range of Soviet military forces and the war-supporting industry which provides the foundation for Soviet military power and supports its capability to conduct a protracted conflict; and
- Places at risk those political entities the Soviet leadership values most: the mechanisms for ensuring survival of the Communist Party and its leadership cadres, and for retention of the Party's control over the Soviet and Soviet-bloc peoples.

This basic policy of targeting those assets which are essential to Soviet warmaking capability and political control has been an integral part of U.S. strategy for many years. In implementing this policy, the United States does not target population as an objective in itself and seeks to minimize collateral damage through more accurate, lower yield weapons.

Holding at risk the full range of Soviet assets is necessary for an effective deterrent, but is not sufficient. As President, I cannot be limited to the options of capitulation or massive mutual destruction in response to aggression. We must have flexibility in the employment of our strategic forces. For our deterrent to be credible, it must be clear to the Soviets that the United States has military options appropriate to a broad range of plausible situations.

Finally, the United States requires sufficient residual capability to provide leverage for early war termination, and to avoid coercion in a post-conflict world. For this reason, we maintain a nuclear reserve force as an integral part of our strategic forces. In addition, we maintain Continuity of Government programs to ensure the Soviets cannot escape retaliation by initiating a quick, "decapitating" attack aimed at incapacitating our political and military leadership. Our civil defense program also contributes to the Nation's preparedness in the event of an attack.

These capabilities do not imply that we seek the ability to fight a nuclear war. I have repeatedly emphasized that a nuclear war cannot be won and must never be fought. But we must deter an adversary who has a very different strategic outlook from our own—an outlook which continues to place great stress on nuclear warfighting capability. It is essential the Soviets understand that they cannot gain their objectives through nuclear warfare, or nuclear coercion, under any conceivable circumstances.

Our policy of flexible response and deterrence through the threat of offensive retaliation has preserved the security of the United States and its allies for decades. Looking to the future, the Strategic Defense Initiative offers an opportunity to shift deterrence to a safer and more stable basis through greater reliance on strategic defenses. Such defenses, which threaten no one, would enhance deterrence by injecting greater uncertainties into Soviet estimates of their ability to achieve their military objectives should they attempt a first strike. Even less than perfect defense could increase stability by denying the Soviets confidence that they could achieve meaningful military goals, thereby eliminating incentives for a Soviet first strike. In judging the suitability of systems for possible deployment, we will continue to be guided by the criteria of military effectiveness, survivability, and cost-effectiveness at the margin.

By reducing the military value o ballistic missiles, strategic defenses would facilitate Soviet acceptance of significant arms reduction agreemen In a world with fewer ballistic missi however, Soviet incentives to not abi by such agreements would be greate Strategic defense can effectively ne such incentives by eliminating the u ity of covertly stockpiled missiles. T enhanced strategic defenses offer th prospect of a safer, more stable wor in which deep reductions in strategi offensive arms are both negotiable a enforceable. We will continue to try persuade the Soviets to join with us working out a stable transition to tl desirable goal.

Continuing the modernization o our strategic forces is essential to a sure reliable deterrence, enhance st bility, and to provide motivation for Soviets to negotiate broad, deep, ec table and verifiable reductions in st tegic offensive arms. While we are firmly committed to using arms red tions as one component of our polic enhancing U.S. and allied security, cess in arms negotiations does not a the need for modern, effective, sur ble nuclear forces to provide deterrence, promote stability, and hedge against Soviet cheating or abrogati Nor does it eliminate the need for a nuclear weapons production comple capable of supporting such weapons the future. Neglecting modernizati expectation of arms reduction agre ments would actually decrease the lihood of such agreements by reduc Soviet incentives to negotiate.

For their part, the Soviets con to invest heavily in accurate, fast-f ballistic missiles which can destroy hard targets. Their goal has been, remains, an effective disarming firs strike capability. Moreover, they ar continuing to enhance their ICBM vivability through silo hardening a mobility, including deployment of t road-mobile SS–25 and the rail-bas SS–24. At the same time, they inve roughly the same amount in their s tegic defense programs as in their fensive force modernization. They expanding and improving the worl only deployed anti-ballistic missile

AM) system, violating the ABM
Treaty with construction of their radar
at Krasnoyarsk and other radar deploy-
ments, and increasing their capability
to deploy a territorial ABM defense.
Their vast growing network of deep un-
derground leadership shelters is aimed
at ensuring the survival of Communist
Party control over the Soviet nation,
economy, and military forces in war.
Their strategic communications are
highly redundant, survivable, and hard-
ened against nuclear effects.

In response to the buildup of So-
viet capabilities, the United States is
continuing the Strategic Modernization
Program in order to maintain the
essential survivability and mission-
effectiveness of our own forces. The So-
viets' active and passive defenses, their
buildup of offensive forces, and their
published doctrine all continue to pro-
vide evidence of Soviet nuclear war-
fighting mentality, and underline the
essentiality of maintaining an effective
U.S. deterrent through support for this
highest priority defense program.

### Arms Reductions

Arms control is not an end in itself, but
only one of several tools to enhance our
national security. Our arms reductions
objectives are fully integrated with our
national security policies to enhance de-
terrence, reduce risk, support alliance
relationships, and ensure the Soviets do
not gain significant unilateral
advantage.

Based on this view of arms control
as a complement to a strong national
defense posture, we have been guided
since the beginning of this Administra-
tion by several fundamental principles:

- The United States seeks only
those agreements which contribute to
our security and that of our allies.
- The United States seeks agree-
ments which reduce arms, not simply
limit their increase.
- Achieving verifiable agreements
broad, deep and equitable reductions
offensive nuclear arms is the highest
arms control priority of the United
States.
- Within the category of offensive
nuclear arms, the United States gives
priority to reducing the most destabiliz-
ing weapons: fast-flying, non-recallable
ballistic missiles.
- The United States also seeks
equitable arms control measures in the
area of nuclear testing, chemical weap-
ons and conventional forces.
- The United States insists on
agreements that can be effectively ver-
ified and fully complied with. Arms
control agreements without effective
verification measures are worse than no
agreements at all, as they create the
possibility of Soviet unilateral advan-
tage, and can affect U.S. and allied
planning with a false sense of
confidence.

Our perseverance in adhering to these principles paid off on December 8, 1987, when Soviet General Secretary Gorbachev and I signed a treaty on Intermediate-Range Nuclear Forces (INF) eliminating all U.S. and Soviet ground-launched ballistic and cruise missiles and their launchers, with ranges between 500 and 5,500 kilometers. The INF agreement is an important tribute to NATO solidarity, persistence, and political courage.

The Soviet Union, because of its massive buildup, is required by the treaty to eliminate an INF missile force capable of carrying four times as many warheads as the United States. Thus, the treaty establishes the important principle of asymmetry in arms reduction agreements, to compensate for large Soviet quantitative advantages. It is noteworthy that the systems the Soviets must eliminate are primarily based within the Soviet Union, where they are not particularly vulnerable to conventional attack in a possible NATO-Warsaw Pact conflict. In contrast, the U.S. systems to be eliminated are high priority targets for Soviet conventional attack. Finally, the Soviet systems eliminated, particularly the shorter-range INF missiles, have chemical and conventional as well as nuclear capabilities, and could be employed against NATO bases and forces during non-nuclear phases of a NATO-Warsaw Pact conflict.

The military benefits of the INF Treaty will be even greater if we succeed in negotiating a treaty on strategic arms reductions. An agreement which significantly reduces strategic systems will lessen Soviet capability for a first strike, inhibit their ability to use intercontinental weapons against theater targets, and substantially increase the Soviets' uncertainty of accomplishing their political ends through military means.

While reducing the Soviet threat the INF Treaty does not alter NATO's basic approach to deterrence. NATO's strategy of flexible response continues to demand a strong allied nuclear capability. Fears that an INF agreement will somehow decouple the defense of Europe from the U.S. nuclear arsenal are based on fundamental misunderstandings of the U.S. commitment and capability to participate in the defense of Europe. The United States retains substantial nuclear capabilities in Europe to counter Warsaw Pact conventional superiority, and to serve as a link to U.S. strategic nuclear forces. NATO aircraft will continue to have the capability to hold at risk a broad range of targets, including those within the Soviet homeland. In addition, U.S. sea-based forces assigned to NATO will continue to provide Alliance authorities with a comparable targeting capability. Thus, the Soviets can be under no illusion that they could attack NATO without placing their own territory at risk.

Eliminating an entire class of ground-launched missiles, while an achievement of historical proportions, does not remove the large Soviet conventional and chemical threat to Europe. The next NATO priority for arms control, therefore, is to redress existing imbalances in conventional and chemical warfare capabilities which favor the Soviet Union. Recognizing this, the Alliance Foreign Ministers meeting in Reykjavik, Iceland in June 1987 called for a coherent and comprehensive concept of arms control which reduces remaining European-based nuclear forces only in conjunction with the establishment of a conventional balance, and the global elimination of chemical weapons. I fully support this approach.

The most important unfinished arms control task is to achieve deep reductions in strategic offensive arms. Both we and the Soviets have introduced draft texts for strategic arms reduction treaties (START). Our approach provides for specific restrictions on the most destabilizing systems—fast-flying ballistic missiles, especially heavy Soviet ICBMs. We are pursuing a goal first agreed to in October 1986 and reaffirmed during the December 1987 Summit: a 50 percent reduction in strategic offensive forces to a total of 6,000 warheads and 1,600 delivery vehicles. We are negotiating seriously; if the Soviets are willing to match our seriousness, agreement is possible. At the same time, a bad agreement is worse than no agreement, and we will not accept any agreement which does not enhance our security.

We are also engaged in a wide variety of arms negotiations and discussions on other subjects. The U.S. approach to all of these areas is consistent; we seek only those agreements which are equitable, verifiable, and will enhance our security and that of our allies. Specifically:

- Consistent with our belief that strategic defenses may offer a safer, more stable basis for deterrence, we seek Soviet agreement for an orderly transition to a more defense-reliant world.
- We seek an effective and verifiable global ban on chemical weapons.
- We seek alliance-to-alliance negotiations to establish a more secure and stable balance in conventional forces at lower levels from the Atlantic to the Urals. Any steps ultimately taken in this area must be effectively verifiable and must recognize the geographic and force asymmetries between the two sides. Alliance policy in this regard, which we fully support, is quite clear—increased security and stability, not reductions *per se*, are the objectives of Western conventional arms control efforts. Given the Warsaw Pact's conventional superiority in certain key areas—particularly those important for offensive operations—even modest reductions in NATO forces, in the absence of larger reductions from the Warsaw Pact, would reduce NATO's security and would not promote stability. The challenge is to synchronize NATO's force improvement plans and conventional arms control efforts toward the long-term goals of increased security and stability.
- In the area of nuclear testing, on November 9, 1987, we began formal negotiations with the Soviets on essential verification improvements to permit ratification of existing treaties: the Threshold Test Ban Treaty, and the Peaceful Nuclear Explosion Treaty. Once our verification concerns have been satisfied and the treaties ratified, we would be prepared immediately to engage in negotiations with the Soviets on ways to implement a step-by-step program to limit and ultimately end nuclear testing, in association with a program to reduce and ultimately eliminate all nuclear weapons. Until that ultimate stage has been reached, however, the United States must continue testing to maintain a safe and reliable deterrent.
- Finally, we seek to enhance stability through improved measures which could prevent misunderstanding. To this end, we signed an agreement with the Soviets on September 15, 1987, to establish Nuclear Risk Reduction Centers in each national capital as a mechanism to avoid incidents resulting from accident or miscalculation during periods of tension.

In all of these areas we consider effective verification provisions to be as important as specific negotiated limits; they must be negotiated concurrently. We cannot accept obligations that limit our military programs unless we can effectively verify Soviet compliance with those same obligations. This is particularly important in light of the continuing pattern of Soviet violations documented in the several reports which I have submitted to the Congress on Soviet non-compliance.

We have made solid progress in the area of arms reductions. Sound agreements—those that enhance our security and that of our Allies—require patience, firmness and strength. If we continue to display these qualities, and if the Soviets are willing to build on the progress we have made, arms reductions can help keep us on the path toward greater stability and a safer world. In moving to that world, I wil maintain my commitment to broad, deep, equitable, and verifiable arms r ductions, focused especially on ballist missiles, and my equally strong commitment to the Strategic Defense Initiative.

### Maintaining Conventional Deterrer

Modern strategic nuclear capabilities are essential for deterrence, but they alone are obviously not enough. The United States and its allies require robust conventional forces, backed by adequate theater nuclear capabilities as an integral part of our overall det rent. As noted earlier, U.S. National Security Strategy has historically be based on the concepts of forward defense and alliance solidarity. Consist with that strategy, we maintain larg forward deployed forces at sea and o the territory of our NATO and Asia allies in time of peace. The overall si capabilities, and characteristics of U Armed Forces are strongly influence by the need to maintain such presen which is essential to deter aggressio

The most demanding threat wit which those forces must deal is, of course, the Soviet Union. Soviet for will always outnumber our own in an presently foreseeable conflict—parti larly when viewed in terms of active forces and major items of combat eq ment. For this reason we must conti to give the most careful attention to ensuring our forces' technological su riority and high readinesss to accom plish their deterrent and warfighting missions.

An additional premise of Americ defense policy is that the United Sta does not seek to deal with the threat from the Soviet Union unaided. A sy tem of vigorous alliances is essential deterrence; and the most important these is NATO. The United States c tributes to the NATO deterrent in s eral ways. Most visible is the peacet stationing of over 300,000 military p sonnel in the Alliance area. This sig cant presence of U.S. forces makes i

e that it is not possible to attack a O ally without simultaneously en- g the full military might of the ned States. The proximity of major saw Pact ground, air and naval s to Alliance territory, the speed it which modern conflict can unfold, Pact's significant numerical advan- s, and the Soviet's strong doctrinal asis on surprise, all argue for the nuation of substantial, qualita- y advanced U.S. and allied conven- l forces in Europe.

In addition to the direct provision rces, the United States provides rity assistance to those NATO al- whose economies do not permit to make as great a contribution to ommon defense as we and they d wish; and we encourage the more ent Alliance members to do so as Such assistance serves as an rtant force multiplier—increasing the political solidarity and the mil- effectiveness of NATO.

Under NATO military strategy, the based forces of the Alliance na- , including the United States, d have primary responsibility for ting a Warsaw Pact attack and de- ing Allied territory, while simul- ously disrupting and destroying the w-on forces which Soviet strategy s upon to exploit any initial suc- es. Allied ground forces, supported actical air power, require the ca- lity to halt a Pact attack and re- e the integrity of Alliance territory ATO political and military objec- are to be achieved. Absent such bility, Alliance strategy becomes ily dependent on the threat of re- ing to nuclear weapons to achieve ntial deterrence and warfighting ctives.

The capability needed to halt such arsaw Pact attack, without risking arly transition to nuclear war, is principal determinant of the size composition of the more than 000 military personnel we currently forward deployed in Europe. In aboration with our allies, U.S. mili- planners consider the Pact's ca- ilities, the battle terrain, allied bilities, and NATO strategy when ermining the size, composition, and location of our contribution of forward deployed forces along the 720 kilometer Central front, and on the flanks and adjoining seas.

In addition, certain U.S. forces perform functions for the theater that are not within the capability of our allies, such as certain types of reconnaissance and intelligence missions; or they provide the capability to receive and rapidly deploy reinforcements and resupply received from the United States. While marginal changes may be feasible in the future, with adjustments in the U.S.-allied division of labor, the basic U.S. contribution has been carefully planned to assure that the strategy for the defense of Western Europe, and the U.S. contribution to it, are militarily effective, and are seen by our adversaries to be so.

In addition to the right numbers and mix of units, U.S. and allied forces require constant upgrading and modernization to retain a qualitative edge in the face of the Pact's superior numbers and rapidly improving technologies. Our policies relating to force modernization and retention of our technological edge emphasize cooperation among the Allies on research, development, and production. This approach reduces duplication of R&D [research and development] resources, shares the best available allied technology, promotes interoperable equipment, and provides incentives for our Allies to increase their contribution to Alliance capabilities. Congressional initiatives aimed at stimulating cooperative R&D have aided materially in advancing these programs.

NATO's strategy of flexible response requires a capability for Alliance reaction appropriate to the nature of Soviet provocation. In addition to conventional forces, this strategy must be supported by effective and substantial theater nuclear forces. In contrast to the policy of the Soviet Union, it is NATO's policy to maintain theater nuclear forces at the lowest level capable of deterring the threat. In pursuit of this policy, the Alliance decided in October 1983 to reduce the number of warheads in Europe. These reductions, taken independently of any arms reduction agreement, decreased NATO's nuclear stockpile in Europe to the lowest level in over 20 years. This makes it essential that the remaining stockpile be modern, survivable, and effective.

With the prospective removal of our INF forces in Europe, it will be particularly important that our remaining theater nuclear forces be fully capable of supporting the Alliance's flexible response strategy. We have examined the military implications of the treaty from that standpoint and are confident that the resulting force structure will provide the necessary military capability, ***provided*** that necessary force modernization continues and that we effectively capitalize on available nuclear weapons delivery platforms.

While neither NATO nor the United States seeks to match the Soviets weapon for weapon, deterrence would be dangerously weakened if the Soviets were allowed to field a major capability which was completely unmatched by a countervailing NATO capability. This premise underlies our determination to modernize the U.S. chemical weapons capability through development of modern, safe, binary munitions. This modernization will provide us the capability needed to deter Soviet first use of chemical weapons. Absent such capability, we will remain dependent on a stockpile of obsolescent chemical weapons ill-suited to modern delivery systems. This places undue reliance on Alliance nuclear capabilities to deter Soviet first use of chemical weapons—an obviously undesirable and risky situation.

U.S. strategy recognizes that the Soviet Union is capable of simultaneous aggression in more than one region. Should aggression occur in several areas simultaneously, U.S. responses would be governed by existing commitments, general strategic priorities, the specific circumstances at hand, and the availability of forces. Our strategy is not to try to fight "everywhere at once." We would do what is strategically sensible and operationally achievable under the circumstances.

Our capability to respond would be enhanced by the flexibility we have built into our force structure, including capabilities for global strategic mobility and power projection. This visible capability to respond effectively in distant theaters reduces the risk that we will ever have to meet such attacks.

NATO is not our only alliance. The United States has bilateral or multilateral security commitments with some 43 nations around the globe, including important treaties with Japan, the Republic of Korea, and Australia.

In support of those commitments, and to deter adventurism by the Soviets and their client states, we maintain forward deployed forces in other regions of strategic importance. Our naval forces deployed in the Pacific and Indian Oceans assist in protecting our growing strategic and economic interests, and supporting allies and friends, in Asia and the Pacific. Substantial ground and air forces are deployed in Korea to complement forces of the Republic of Korea in deterring aggression from the North. Naval and tactical air forces deployed throughout the Pacific assist in meeting our security commitments to such nations as Japan and the Philippines.

These global forward deployed forces serve several functions. They are essential to the creation of regional power balances which deter Soviet aggression and promote overall regional stability. They support the political independence of nations on the Soviet periphery, hence are key to the fundamental U.S. security objective of avoiding Soviet domination of the Eurasian landmass. Finally, they provide an immediately available capability to deal with lesser military contingencies. However, for military contingencies not involving the Soviet Union, we look primarily to the nations involved to provide for their own defense.

In the past seven years we have made substantial progress in improving the capability of our forward deployed forces to protect U.S. interests, execute our military strategy, and support alliance commitments. We remain firmly committed to continued improvement in our deployed capabilities in support of our forward-defense, alliance-based strategy. The following paragraphs will discuss selected capabilities which provide essential foundations for that strategy.

**Maintenance of Global Support and Mobility Capabilities.** The ability to reinforce and resupply forward deployed forces is essential to the execution of U.S. military strategy. A credible U.S. capability to reinforce NATO rapidly during times of tension, for example, is critical to effective deterrence.

The Soviets have a natural geographic advantage in military operations on the Eurasian rim, and growing capabilities to launch simultaneous offensives in Europe, Southwest Asia and the Far East. Capitalizing on interior lines of communication, they can redeploy and resupply forces over a broad geographic range. Recent Soviet efforts have significantly improved military access by rail and road to strategically important areas along the U.S.S.R.'s southern frontiers.

Our global support and mobility capabilities, including airlift, sealift, and prepositioning, are therefore essential to allow us to meet military challenges around the periphery of the Eurasian continent, which remains the primary locus of Soviet expansionist interests. Prepositioning ashore or at sea can sharply reduce our response times. Airlift, the quickest and most flexible of our mobility assets, would deliver initial reinforcements in most contingencies, but sealift will inevitably carry the bulk of our reinforcement and resupply, as it has in past crises. Mobility capabilities are especially critical to our strategy for dealing with contingencies in Southwest Asia, where we have no military bases or permanently stationed military forces.

**Maintenance of an Adequate Logistics Base.** To maintain a strong conventional deterrent, it is vital that we provide adequate logistic support for U.S. forces. A robust logistics infrastructure strengthens deterrence demonstrating our preparations for h tilities at any level of intensity, and f the length of time necessary to defen U.S. interests. Adequate, sustained support helps raise the nuclear thres old and improves prospects for early success in conflict. Adversaries must not conclude that U.S. and allied capabilities would be exhausted if confronted with a complex or prolonged military campaign. With the support Congress we will seek continued improvement in this unglamorous but e sential component of military power. Concurrently, we will continue to en phasize to our allies that the sustain ment of their forces in combat must parallel that of our own.

**Maintenance of Adequate Acti Forces.** Support of our conventional terrent requires that we maintain b anced and effective active duty forc sufficient in quality and quantity to make our national military strategy credible. In the context of our allian relationships, deterring and, if nece sary defeating, the Soviet threat requires a carefully structured mix of U.S. and allied land and sea-based forces capable of executing the agre strategy until reinforced from the r spective national mobilization bases.

While NATO requirements are primary focus of our ground forces' cern, the global nature of potential threats to U.S. interests requires m tenance of flexible and diverse grou forces capable of rapid deployment and sustained operations in, other areas of strategic importance as wel This has led the Army to establish rapidly deployable light divisions, w continuing efforts have gone into th enhancement of Marine Corps capabilities and amphibious lift.

U.S. tactical airpower supports achievement of theater campaign go by maintaining battlefield air super ority, providing responsive and effe firepower for ground combat units, conducting deep interdiction of ene forces, command and control faciliti and sources of logistics support. In dition, in the European theater, it p a critical role in assuring the essen reinforcement and resupply of U.S.

d deployed forces by protecting port ities, aerial ports of debarkation, positioned equipment and muni- s, and lines of communication. The ability of air forces to deploy rapidly rises adds to our ability to bring ctive military power to bear in dis- regions in contingencies.

Maritime forces also play a unique in supporting our national military tegy. Given the realities of our geo- tegic position, fronting on two ns, maritime superiority over any ntial adversary is essential to sup- our alliance relationships and for- d deployed forces. The capability of y and Marine Corps forces to pro- and sustain military power in areas ant from our shores is of particular ortance, given the central position ne Soviet Union on the Eurasian lmass and the fact that many of the ted States' most important allies are ted on the Eurasian periphery, ac- sible from the sea.

Our naval power projection forces ld also play a major role in any thwest Asia contingency. Their cur- t presence in the Persian Gulf and bian Sea, together with Army and Force units, is providing essential port for several important national urity objectives.

### intaining a National bilization Base

e effective mobilization of manpower l industrial resources in the event of onflict would provide essential sup- t for our military capabilities. Real- c mobilization plans also provide a ar means for the United States to nmunicate its resolve to our potential versaries in periods of tension or sis.

On the industrial side, the mainte- nce of a broad, technologically supe- r mobilization base is a fundamental ment of U.S. defense policy. As I ted when discussing the economic el- ents of power, we rely on the size d strength of the U.S. economy as r ultimate line of defense. And, as clear weapons reductions are negoti- ed, the capability of the U.S. and allied mobilization bases rapidly to generate additional conventional military forces and the supplies and equipment to sustain them, becomes increasingly important. Maintenance of this capability supports deterrence and provides the ability for a timely and flexible response to the full range of plausible threats.

Defense industrial mobilization policies focus on steps that industry and government can take during peacetime and in the early stages of a crisis to acquire long-lead time items and to prepare for surge production. Examples of current mobilization plans include those providing for surge production of precision-guided munitions; for the adaptation of new production technologies such as flexible manufacturing systems; and for the expanded production of machine tools.

To ensure that our industrial base can respond in an adequate and timely fashion to a broad range of potential emergencies, we are testing a new concept of industrial mobilization responses linked to early warning indicators. Under this concept, the readiness of our industrial base would be progressively increased as intelligence suggested an increasing probability of hostile actions directed against U.S. interests. To support this concept, in peacetime planners will identify and catalog relevant industrial base capabilities, prepare specific response options, and create a series of graduated responses to be implemented within existing capabilities at a time of crisis.

Such mobilization planning cannot be done on a purely unilateral basis. In the NATO context, international collaboration to improve national mobilization capabilities is important to increase Alliance-wide efficiency and the capability to support war plans. For example, the United States through its representation on the NATO Industrial Planning Committee, works closely with its allies to ensure that member nations are prepared to support the Alliance strategy with a coordinated and effective industrial mobilization response.

With regard to manpower, our mobilization plans emphasize achievable increases in defense manpower at a pace consistent with military needs. Under existing plans, active forces—depending on their location—would either maintain their forward deployment or rapidly reinforce such deployments from the United States. Reserve forces would mobilize, some military retirees would be recalled, and civilian manpower would be expanded to support such necessary defense functions as logistics, communications, and health services.

Our plans for military manpower mobilization are based upon the Total Force policy, established in the early 1970s, which places increased responsibilities on the reserve component of U.S. forces. With fully 50 percent of the combat units for land warfare in the reserve components, their importance to our conventional deterrent cannot be overstated. The priority for manning, training and equipment mobilization is based on time-phasing of their use in operational plans. In many cases, the sequence of deployment would place reserve component units side by side with, and sometimes even ahead of, the active duty forces. While there are specific mission areas in which the role for reserve components can be expanded,

***Development and execution of sound national security policies, and the strategies applicable to specific situations, requires timely, accurate, and thorough information regarding actual or potential threats to our national security.***

we need to exercise care to avoid fundamentally altering the nature of service in the reserves, or imbalance the reserve/active force mix. While not reserves in the conventional sense of the term, in time of war Coast Guard forces would provide an important augmentation to our worldwide naval capabilities.

## SUPPORTING POLICIES

### U.S. National Space Policy

I recently approved a new national space policy which updates and expands guidelines for the conduct of U.S. national security, civil, and commercial efforts in space. The policy recognizes that a fundamental objective guiding U.S. activities continues to be space leadership, which requires preeminence in key areas critical to achieving our broad goals. These goals include:

- Strengthening the security of the United States.
- Obtaining economic, technological and scientific benefits that improve the quality of life on earth, through space-related activities.
- Encouraging the U.S. private sector investment in space and space-related activities.
- Promoting international cooperative activities, taking into account U.S. national security, foreign policy, scientific, and economic interests.
- Cooperating with other nations in maintaining freedom of space for activities that enhance the security and welfare of mankind.
- Expanding human presence and activity beyond Earth orbit into the solar system.

The use of space systems to satisfy many critical national security requirements is an expanding and vital element of U.S. national power. Functions important to our national security strategy such as communications, navigation, environmental monitoring, early warning, surveillance, and treaty verification are increasingly performed by space systems. In many cases, the worldwide access provided by the space systems makes them the only available means for accomplishing these important functions. Absent the assured use of space, our nation's security would be seriously jeopardized.

Our military policy for space encompasses five elements.

**First**, we recognize that deterrence—at all levels of potential conflict—cannot be accomplished without space-based assets, so we seek to ensure that critical space systems will be available to commanders, commensurate with their need.

**Second**, we seek to ensure free access to space for all nations, in a manner analogous to the way that free access to the earth's oceans is maintained.

**Third**, we encourage interaction among national security, civil government and, where appropriate, commercial space programs to share critical technologies and avoid unnecessary duplication of activities.

**Fourth**, our policies provide for improved defensive capabilities in the future, deterring or, if necessary, defending against enemy attacks on our space systems.

**Finally**, we will continue to improve those space systems that directly support our military forces by enhancing their effectiveness.

Our civil space activities contribute to the nation's scientific, technological, and economic well-being in addition to making a major contribution to America's prestige and leadership in the world. Our civil space goals are:

- To advance scientific knowledge of the planet Earth, the solar system, and the universe beyond.
- To preserve our preeminence in critical aspects of space science, space applications, space technology, and manned spaceflight.
- To open new opportunities for use of the space environment.
- To develop selected civil applications of space technology.
- To engage in international cooperative efforts that further U.S. space goals.
- To establish a permanently man ned presence in space.

U.S. leadership in civilian space programs has been taken for granted since the late 1960s. That leadership, however, is being increasingly challenged both by our friends and allies abroad, and by the Soviet Union. Th ambitious program of space explorati and research that the Soviets are pur suing, centered upon a high level of launch capacity and the *Mir* Space St tion, have eroded traditional areas of U.S. space leadership. Initiatives—s as efforts to improve our space trans portation systems, develop and depl the Space Station, and develop the technologies to support a range of fu ture solar system exploration option are intended to ensure U.S. preeminence in areas critical to our nationa interests.

The United States is first amon nations in its efforts to foster a pure commercial, market-driven space ind try without direct government subsidies. We believe that private secto space initiatives will have positive ef fects on the U.S. balance of trade, work force skills, and the developme of unique manufacturing methods an products. These initiatives also prom lower costs to the taxpayer and enhanced security to our nation. We ar confident that traditional American i genuity will yield innovative space te onology applications comparable to, exceeding, those achieved in aviation earlier this century.

### U.S. Intelligence Policy

Development and execution of sound national security policies, and the st egies applicable to specific situations require timely, accurate, and thorou information regarding actual or pote tial threats to our national security. Early warning of developments whic could place at risk U.S. interests is tal if we are to employ the relevant elements of national power in a timel way and deal with threats before the become unmanageable, or entail the risk of conflict. The primary goal of

. intelligence activities is to provide ropriate agencies of government n the best available information on ch to base decisions concerning the elopment and conduct of foreign, nomic and defense policy.

It is axiomatic that our National urity Strategy must be strongly ported by reliable intelligence con- ing potential adversaries' national abilities and probable courses of ac- . Intelligence also provides essen- insights into how we are viewed by se adversaries. Their perceptions of capabilities, political will, national rests, and likely reaction to hostile vocation, provide an important sure of the effectiveness of our tegy. The collection of such infor- ion is a priority objective of our in- gence activities. It must be pursued vigorous, innovative, and responsi- manner that is consistent with ap- able law and respectful of the ciples upon which this nation was nded.

The capability to deal with the hos- intelligence threat to the United tes is equally important. The large active intelligence services of the iet Union, its clients and surro- es, conduct sophisticated collection analysis operations targeted inst us, our allies, and friends. The iets rely heavily on espionage and elaborate apparatus for illegal ac- sition of Western military technology urther their strategic aims. The ap- hension over the past few years of es conducting highly damaging es- nage operations against the United tes has dramatically underlined the erity of the threat. I have directed t the U.S. intelligence community e special emphasis to detecting and ntering espionage and other threats m foreign intelligence services.

International terrorism and narcot- trafficking, particularly when state- ported, can threaten the security of U.S. and our citizens. Intelligence ys a critical role in our efforts to trol and reduce these threats. Intel- ence collection and special operations agencies of the U.S. Government to tect against international terrorism d international narcotics activities l remain a high priority.

The ability to conduct covert action operations is an essential element of our national security capability. In selected circumstances such operations provide a means to deal with developing threats to our security before the employment of U.S. military power or other actions entailing higher costs and risks are required. Over the past year, we have reviewed all existing covert action programs to ensure that they are in accordance with applicable law and consistent with U.S. policy. We have also put into place procedures for approval, review and congressional notification of new covert action operations to ensure that such operations receive appropriate interagency review, and are consistent with applicable law. Additionally, we have instituted stricter accountability of access to protect confidentiality, and have established "sunset provisions" that require annual review of all covert action programs, and their continuation only by Presidential approval. We will continue to employ such covert action operations in support of national security objectives, and ensure that they are consistently supportive of national policy.

## IV. Integrating Elements of Power into National Security Strategy

### STRATEGY FOR THE WESTERN HEMISPHERE

Our own territorial security is inextricably linked with the security of our hemispheric neighbors, north and south; the defense of North America is the nation's most fundamental security concern. We sometimes fail fully to appreciate the great strategic importance of the Latin American and Caribbean regions, in spite of their proximity to our borders and importance to our national security. The significance of these regions has not been lost to Soviet planners, however, who refer to Latin America and the Carribean as our "strategic rear." The U.S.S.R. has, since the early 1960s, increasingly sought to expand its influence in these areas to the detriment of our own security. Our national interests, as well as our political principles, have led us to promote democracy and economic progress throughout the hemisphere. In the past, we have relied on a hemispheric security system composed of a strong U.S. deterrent, broadly-based cooperation with Canada, and collective security arrangements with Latin America. More recently we have built on this foundation a policy aimed at strengthening the ability of our Central American and Caribbean neighbors to resist outside aggression and subversion, and facilitating the transition to democracy in the region. Today 28 of 33 countries in Latin America and the Caribbean, with over 90 percent of the population, are democratic. As we work for further consolidation of democracy, we continue to promote economic cooperation with our Hemispheric neighbors.

We remain deeply committed to the interdependent, regional objectives of democracy and freedom, peace, and economic progress. To achieve these, we must counter the threat of Soviet expansionist policies not only from Cuba, but now from Nicaragua. Critical national security interests in Latin America are based on long-standing U.S. policy that there be no Soviet, Cuban, or other Communist bloc beachhead on the mainland of the Western Hemisphere, or any country that upsets the regional balance and poses a serious military threat to its neighbors. Representative democracy in Nicaragua is a key goal in our strategy to achieve lasting peace and our other interdependent security objectives for the hemisphere.

We support the Guatemala Peace Accords and welcome the initial steps

taken by the Sandinistas in the direction of a freer, more democratic and pluralistic Nicaragua, as agreed to in the Accords. Yet we have reason to remain skeptical. It is too soon to tell if the Sandinista leaders will comply with the pledges they have made. The Sandinistas have made similar promises in the past—including in 1979 to the Organization of American States—which were broken. It is important to keep in mind, however, that even if the Nicaraguan government should live up to its obligations under the Guatemala Peace Accords in full and credible fashion, security concerns affecting important U.S. interests would remain. They include the Soviet and Cuban military presence in Nicaragua, and the rapid growth of the Nicaraguan military capability which threatens the military balance of the region as well as Nicaragua's democratic neighbors.

To encourage the Sandinistas to implement the agreed reforms in good faith, and to advance U.S. security interests in Central America, we have engaged in extensive and close consultation with the Central America democracies and the Nicaraguan Resistance. One key element of our diplomatic strategy is the pressure exerted on the Sandinista regime by the Nicaraguan Resistance. We will continue funding the Resistance until we see evidence that democratization in Nicaragua is real and irreversible. Accordingly, the Administration will request renewed assistance for the Freedom Fighters early this year. Economic and trade sanctions are other key elements of our coordinated strategy.

Currently we are deeply involved in the struggle throughout Latin America against the menace of drug production and trafficking, which pose threats not only to the integrity and stability of governments to our South, but to the social fabric of the United States itself. Working bilaterally, and wherever possible on a regional basis, we are supplying resources and expertise to the governments wishing to engage with us in this priority effort.

***Critical national security interests in Latin America are based on long-standing U.S. policy that there be no Soviet, Cuban, or other Communist bloc beachhead on the mainland of the Western Hemisphere. . . .***

Increased trade among the Western Hemisphere countries is also an important element of our national security strategy. Such trade will aid debtor countries in the region in managing their obligations in a responsible manner while contributing to their economic growth. In addition, the United States supports providing additional resources for the World Bank and the International Monetary Fund (IMF) to assist these countries in adjusting to the consequences of external economic forces, such as the decline of world oil and other commodity prices.

Our close relationship with Canada derives from our long historical and cultural association, as well as geopolitical and economic factors—our physical proximity, the openness of our more than 3,000 mile border, and our important military cooperation, both bilaterally and under the NATO aegis. Economically, Canada is by far our largest trading partner. Our primary objective with respect to Canada, a close friend and ally, is to protect and strengthen the already excellent relations we enjoy. In the near-term, our goal can be best achieved by securing approval by the U.S. Congress and Canadian Parliament of the recently negotiated United States-Canada Free Trade Area agreement. This agreement will benefit both countries by removing tariff and non-tariff barriers to trade goods and services and by facilitating cross-border investment by the priva sectors of both countries.

## STRATEGY FOR THE SOVIET UNION AND EASTERN EUROPE

As mentioned earlier, the most signi cant threat to U.S. national interests remains that posed by the Soviet Union. Despite some improvement in U.S.-Soviet relations over the past year, the long-term threat has not pe ceptibly diminished.

The differences between the United States and the Soviet Union fundamental in nature, given the gre disparities in our political, economic and social systems, and our diverger geostrategic interests. While the mu publicized reforms of the new Soviet leadership have raised expectations more benign Soviet policies, there is yet no evidence that the Soviets hav abandoned their long-term objective This means that U.S. strategy to co ter these objectives must also remai consistent and aimed at the long-ter We must remain sufficiently flexible seize the initiative and explore positi shifts in Soviet policy which may strengthen U.S. security; but we mu not delude ourselves into believing t the Soviet threat has yet been funda mentally altered, or that our vigilan can be reduced.

Consistent with this approach, overall strategy toward the Soviet Union remains to contain Soviet exp sionism, and to encourage political d mocracy and basic human rights wit the Soviet Union and the countries der its hegemony. These have been t national security objectives of successive U.S. administrations, though the manner of their implementation varied. Continued emphasis on the principles of strength, dialogue and alism in our strategy may eventually alter Soviet behavior in fundamental ways to create a more stable and pe ful world.

The maintenance of adequate ngth to deter Soviet aggression where in the world that our strate- nterests require is central to our tegy. Such strength must encom- not only military power, but also political determination, vitality of nces and the economic health es- ial to meet our global respon- ities. In areas where the Soviets currently engaged in military ex- ionism, such as Afghanistan, the ed States is demonstrating its will- ess to support local resistance es to the degree necessary to frus- Soviet ambitions. In general, our s are to convince the Soviet Union the use of military force does not and that the build-up of military es beyond levels necessary for legit- e national defense will not provide ateral advantage.

National strength must be comple- ted by constructive dialogue. We established a four part agenda for ussion with the Soviet Union: arms iction, human rights, resolution of onal conflicts, and bilateral ex- nges. We have made clear that sub- tial progress in all areas is essary to allow a truly qualitative rovement of U.S.-Soviet relations. emphasis on human rights is di- ly relevant to our security strategy ause we believe that the manner in ch a government treats its own peo-

> ***espite some improvement in .S.-Soviet relations over the ast year, the long-term threat as not perceptibly diminished.***

reflects upon its behavior in the in- national community of nations.

Although progress in U.S.-Soviet tions has historically been difficult predict, present indications are that Soviet leadership recognizes that e of the country's past policies must altered to prevent further domestic nomic and technological obsoles- ce. In this regard, the policies of the current leadership have a marked strategic cast to them, to the extent that they aim at placing the Soviets in a more competitive position vis-a-vis the United States over the long term. At the same time, should the Soviets demonstrate that they genuinely wish to improve the U.S.-Soviet relationship by reducing military expenditures and force structure, by terminating Third World subversion and expansion, and by focusing on their internal problems, they will find the United States welcoming their more responsible behavior on the international scene.

While acknowledging that most of the countries of Eastern Europe are members of the Warsaw Pact, we have never recognized Soviet hegemony in the region as legitimate or healthy because it is based on military power and dictatorship, not democratic consent. We wish to develop our relations with each country of the region on an individual basis. Many East European countries at present face severe economic difficulties as a result of forced emulation of Soviet economic models. The populations of these countries are significantly pro-Western in outlook and would like to strengthen ties with the Western community of nations. At the same time, the economic utility of Eastern Europe to the Soviet Union is declining.

These factors combine to give the United States an opportunity to improve its relations with Eastern European countries. Our objectives in the region are to encourage liberalization and more autonomous foreign policies, and to foster genuine, long-term human rights improvements. Our strategy is to differentiate our policies toward these countries according to their conduct, and to develop relations with each based on individual merit.

The United States and its NATO Allies also are working jointly to overcome the artificial division of Europe which occurred after World War II and to promote closer ties between Eastern and Western Europe. This takes place primarily through the 35-nation Conference on Security and Cooperation in Europe, which serves to maintain pressure on the Soviet Union and Eastern European governments to improve human rights performance and increases contact and communication between East and West.

## STRATEGY FOR WESTERN EUROPE AND NATO

The security of Western Europe is a vital component of U.S. National Security Strategy. We share a common heritage and democratic values with Western European countries, have a compelling mutual interest in containing Soviet expansion, and benefit from interdependent economic relations.

Overall, our objectives in Western Europe are to help maintain the region's security and independence from Soviet intimidation, to promote its political and economic health, to consult with European governments on effective policies toward the Soviet Union and the Warsaw Pact, and to work with Western Europeans toward overcoming the East-West division of the European continent.

The North Atlantic Alliance embodies the U.S. commitment to Western Europe as well as the members' commitment to defend each other. NATO has preserved peace in Europe for almost 40 years, by far the longest period of peace on the continent in this century. Through the Alliance, NATO members engage in collective defense to deter Soviet aggression and enhance security. NATO is, however, both a political and military entity. Through NATO, the United States also consults with its Western European Allies on a wide range of issues.

The cohesion and unity of NATO are essential to a successful security strategy relative to the Soviet Union. The repeated and unsuccessful Soviet efforts to drive wedges between the United States and Western Europe testify to the strength of Alliance unity. These Soviet efforts have been thwarted through close and frequent high-level consultations among allies, to maintain our solidarity and our common strategy on crucial issues. The most recent success story of the Alliance has

been the conclusion of an Intermediate-Range Nuclear Forces (INF) Treaty between the United States and the Soviet Union. This agreement vindicates NATO's 1979 dual-track decision which, through commitment both to negotiate and to deploy intermediate-range nuclear forces, gave the Soviet Union incentive eventually to agree to the total elimination of this category of weapons. The cohesion of the Alliance and the courage of Allied governments which deployed INF missiles despite sometimes significant domestic resistance has paid off, and resulted in the first agreement in history which will actually reduce nuclear arsenals.

The United States, working closely with NATO allies, hopes to reach other successful arms agreements with the Soviet Union; but we have made clear that the strategy of flexible response will require the continuing presence of U.S. nuclear weapons, and strong conventional forces, in Europe. This is particularly true in view of the great disparity in conventional forces on the continent which directly threatens Western Europe. The pronounced conventional force imbalance has been a matter of concern for many years. In 1985, the Alliance adopted an ambitious plan of action designed to remedy NATO's most critical conventional deficiencies. Progress in some areas—such as the provision of aircraft shelters and the filling of critical munition shortfalls—has been encouraging, but much more remains to be accomplished. Within the context of these ongoing efforts, the United States will work in close consultation with our allies toward:

- Maintenance of the credibility of NATO's nuclear deterrent. We will work toward full implementation of the Montebello agreement, including the provisions on nuclear modernization, as well as some restructuring of NATO's nuclear forces.
- Maintenance of a credible conventional deterrent with emphasis on further execution of Alliance approved conventional defense improvements, including provisions for air defense and increased sustainability stocks.
- More effective use of resources available for deterrent capabilities through national defense budgets. We are just beginning to realize a return on initial efforts in armaments cooperation, and will work closely with our allies to bring to fruition other programs recently initiated with Congressionally reserved funds for cooperative research and development. We will also continue to search for new opportunities to enhance conventional defense capabilities in resource-effective ways, such as improved crisis management procedures and rationalization of roles and missions with our allies.
- Improvement of the military use of technology, while strengthening NATO's industrial base, particularly in some countries on NATO's southern flank.

***NATO has preserved peace in Europe for almost 40 years, by far the longest period of peace on the continent in this century.***

Narrowing the gap in conventional capabilities can enhance deterrence, raise the nuclear threshold and reduce the risk of Soviet miscalculation. It also offers the best hope of inducing the Soviets to negotiate seriously toward a stable conventional equilibrium at lower force levels.

NATO also provides a forum for Western consultation on such political processes as the Conference on Security and Cooperation in Europe (CSCE), where our goal is to ensure full Soviet and Eastern European implementation of the commitments undertaken in the Helsinki Final Act ar Madrid Concluding Document. Of spe cial interest are the CSCE provisions on human rights and freer flow of pe ples and information across the East-West divide. CSCE represents a cruc means by which the United States ar its Allies are working to reduce the r pression and the artificial barriers which have existed since the Soviet Union imposed its will on neighborin countries after World War II.

Although the NATO Alliance remains strong and vigorous, aspects o our relationship with Western Europ transcend NATO concerns. These include issues such as trade and protec tionism, methods of dealing with terrorism, and policy toward regions outside of the NATO geographic are We seek to work closely with Wester European governments on these mat ters, though there are sometimes dif fering viewpoints as is natural amon sovereign, democractic governments.

## STRATEGY FOR THE MIDDLE EAST AND SOUTH ASIA

Despite the multitude of changes in Middle East over the past several de ades, U.S. objectives have held rema ably constant. In harmony with the predominant aspiration of the people of the region, we remain deeply com mitted to helping forge a just and la ing peace between Israel and its neighbors. Our regional goals also in clude limiting Soviet influence, foste ing the security and prosperity of Israel and our Arab friends, and cur ing state-sponsored terrorism. To achieve these aims, we must hurdle some serious obstacles including con tinuing, deep-seated Arab-Israeli ten sions, the emotionally-charged Palestinian problem, radical anti-Western political and religious movements, the use of terrorism as an instrument of state policy, and Soviet policies which have supported the forces of extremism rather than the forces of moderation.

In working to overcome these ltacles we pursue a strategy which n·grates diplomatic, economic and n tary instruments. With regard to t Arab-Israeli peace process, the U. initiative of September 1, 1982, re- n ns the cornerstone of our approach. Vile working diplomatically to narrow t gap and make direct negotiations osible, we also provide military and enomic assistance to our friends in t region to bolster their security in t face of continuing threats. Moder- at regimes must be secure if they are to un the risks of making peace. At th same time, we remain willing to co front and build international pres- sure against those states, such as Libya an Iran, which sponsor terrorism and p mote subversion against friendly g ernments.

In the Persian Gulf region, we also p sue an integrated approach to se- cure our four longstanding objectives: m ntaining freedom of navigation; st ngthening the moderate Arab st es; reducing the influence of anti- Western powers, such as the Soviet U on and Iran; and assuring access to o on reasonable terms for ourselves a our allies. Iran's continuation and e alation of the Iran-Iraq War, includ- ir its attempts to intimidate non- b igerent Gulf Arab states, pose the m st serious, immediate threat to our ir rests, and provide the Soviet Union th opportunity to advance its regional a nda.

In responding to these threats dip- lo atically we work persistently to end th war, both unilaterally—as with Op- e tion Staunch, to cease the flow of w · materiel to Iran—and through mul- ti teral forums, such as the United N tions Security Council. The current c llenge is to get Iran to join Iraq in a epting a comprehensive settlement.

Since 1949, our diplomatic commit- m nt to regional stability and un- d rupted commerce has been s ported by our military policy of m intaining a permanent naval pres- ce in the Persian Gulf. That presence c urrently expanded to allow us to d er Iranian attempts to intimidate moderate states in the region, and to play our traditional role of protecting U.S. flag shipping in the face of increased Iranian aggressiveness. Five other NATO governments have also made decisions to deploy naval vessels to the Gulf where they assist in protecting freedom of navigation. A prudent but responsive policy of arms sales for the self-defense of our friends in the region is also an integral part of our strategy, as those nations assume greater responsibility for their own defense.

looking for ways to improve their relations with each other.

We remain unequivocally opposed to the Soviet military presence in Afghanistan. In the absence of a political settlement which provides for a prompt and complete withdrawal of Soviet troops, restoration of Afghanistan to its independent non-aligned status, and self-determination for the Afghan people, we will continue our firm support for the Afghan cause. We also work to bolster the security of Pakistan, the frontline state hosting nearly three million Afghan refugees, with a second six-year assistance plan. By expanding our ties with India as well as Pakistan, we hope to foster stability in South Asia. Recent advances in technological and scientific cooperation between the United States and India, in both civilian and military areas, with prospects for further growth, have been important in improving relations between our two countries. We also provide development assistance throughout the region and support the work of the South Asian Association for Regional Cooperation to promote stability by fostering regional economic growth.

***Despite the multitude of changes in the Middle East over the past several decades, U.S. objectives have held remarkably constant.***

In South Asia, we aim to reduce regional tensions, especially those between India and Pakistan; to restore freedom in Afghanistan; to promote democratic political institutions and economic development; to end narcotics production and trafficking; and to discourage nuclear proliferation. These objectives are threatened primarily by the Soviet occupation of Afghanistan, the continuing antagonism between India and Pakistan, and the refusal of those two states to restrain sensitive aspects of their nuclear programs.

In dealing with the problem of nuclear proliferation in South Asia, we have followed a two-track approach.

First, we have made clear to the government of Pakistan that our provision of security assistance requires Pakistani nuclear restraint. At the same time, provision of U.S. military and economic assistance helps Pakistan meet legitimate security needs without resorting to the acquisition of nuclear weapons. Secondly, recognizing that there is a regional context for the Pakistani nuclear program, we have encouraged India and Pakistan toward an agreement on confidence building measures. We are encouraged that the leadership in both countries is actively

The sharp reduction in U.S. economic and military assistance funding, plus Congressional opposition to the sale of modern defense weapons to a number of states, has had a negative impact on U.S. security interests in both the Middle East and South Asia. These cutbacks in security assistance have been all the more damaging because threats to friendly states have increased their need for security assistance and weapons. At the same time, the Soviet Union has become more aggressive in offering weapons to countries unable to obtain them from the United States. The Soviets have

also become more active in using economic instruments such as debt rescheduling to enhance their own political influence.

## STRATEGY FOR EAST ASIA AND THE PACIFIC

As a Pacific power the United States faces formidable challenges in projecting its strength across that broad region. Our security objectives, as elsewhere, are aimed at helping our allies and friends in the region to develop economically and politically as they defend themselves from encroachment. We are meeting with success in most areas. The free nations of East Asia and the Pacific now lead the world in demonstrating an economic and political dynamism that stands in stark contrast with conditions in other nations in the regions such as Vietnam and North Korea. Our Asian allies and friends also stood together with us in the years of effort required to achieve the INF Treaty, which removes a threat from Asia, as well as from Western Europe.

Soviet military power in Asia and the Pacific continues its steady qualitative improvement, but the U.S. response is not confined to technical issues of relative military strength. Our basic aims are to strengthen the natural political and economic ties that link us with regional states, to evoke greater participation by our allies and friends in their own defense, and to proceed steadily with necessary modernization of our military forces deployed to the area.

Cooperation with Japan remains basic to U.S. relationships in the region. The United States-Japan Treaty of Cooperation and Security formalizes our defense ties, providing a security foundation for the broad spectrum of economic and political associations which uniquely join us.

During the past ten years, a consensus has emerged in Japan that Japan should undertake the primary responsibility to defend its homeland, territorial seas and skies, and its sea lanes out to 1,000 nautical miles. In 1985 the government of Japan incorporated that concept into its current Five Year Defense Plan. Japan's defense spending has increased more than five percent per year in real terms for the past five years, and we have encouraged Japan to continue modernizing its forces in order to carry out its legitimate defense responsibilities. In addition to providing for its own defense forces, Japan contributes over $2 billion per year to support U.S. forces stationed in Japan.

> ***The free nations of East Asia and the Pacific now lead the world in demonstrating an economic and political dynamism. . . .***

The economic dimension of our relationship with Japan, as well as with other key nations in the region, is so prominent that it must be considered an integral part of our national security strategy. The massive trade surplus of Japan with the United States is unsustainable and a source of political tension, as are the lesser surpluses of other regional nations. Such economic imbalances must be reduced through a combination of measures including support for U.S. initiatives for multilateral trade liberalization in the GATT.

In view of the globalization of financial markets, cooperation with Japan on economic policy will be key to maintaining confidence on world stock and currency markets. A recent positive development is Japan's significant increased expenditures on foreign assistance. Japan continues to target assistance on countries of strategic importance, and is giving more of its aid in "untied" form than in the past.

Our alliance with the Republic of Korea remains vital to regional stability. North Korea maintains forces that far exceed those of the South in quantity, are continuously strengthen by additonal Soviet weapons, and are the hands of a government whose aggressive demeanor and tendency to a unexpectedly are well known. Our m tary presence in the Republic of Kor underpins regional stability and buil confidence, which is essential to that country's remarkable economic devel ment and political evolution. Sound s curity, politics, and economics are indivisible. In this process, the Unit States has used its influence to enco age Koreans toward democratic char We have done so, however, with resp for Korean traditions and political r ities; and we are mindful of the constant security threat. The Republic Korea is our seventh largest trading partner; significant market and inve ment opportunities for U.S. firms e ist. Market access barriers are comi down, but not fast enough, and muc more remains to be done.

Both the People's Republic of Cl and the United States have cultivate good relations based on realistic calculations of each country's best inter ests. For our part, we continue to believe that a strong, secure, and m ernizing China is in our interest. Al though our economic, social, and political systems differ, we share a c mon perception of the requirement f stability in the region and for resistance to expansionism. On this ba we have continued to increase our trade, people-to-people contacts, an even limited, defensive military coo ation. Differences persist over some sues, but we have continued to deve a mature relationship that clearly b fits both countries.

Through assiduous management of ch United States-China relationship, w expect to cooperate when our inter- es; and China's are parallel, such as in A hanistan, and in maintaining sta- oi.y in East Asia. We are confident a e l-headed national consensus on how to conduct relations with China will re- m n the foundation for additional g wth and interaction in the re tionship.

The Phillipine government has m le progress restoring democracy and is ng the foundation for economic g wth. The Aquino government, how- e r, continues to face major political, se rity and economic challenges. T ough all of the tools available to us, w are determined to help this impor- t t Pacific ally to overcome these p blems so it can sustain economic g wth, counter the threat of a virulent i ernal communist insurgency, and s engthen democratic government.

Thailand, another Association of S itheast [Asian] Nations (ASEAN) n mber, and our treaty ally, borders C mbodia, which is now occupied by t Vietnamese and the site of an active C mbodian resistance effort struggling t regain self-determination for the I mer people. In support of Thailand, w ich also shoulders the major refugee b rden in Southeast Asia, we will con- t ue our close security cooperation to d er any potential aggression and m intain our support of eligible refu- ees. We will also continue our cooper- a ve effort with Thailand to suppress n rcotic trafficking.

We view the continued occupation o Cambodia by Vietnamese forces as a unacceptable violation of interna- t nal law that undermines regional f orts towards development, peace and s bility. We also oppose the return of e Khmer Rouge to power in Cam- bodia. We will continue our strong en- r rsement of ASEAN's quest for a p litical solution and support for the n-Communist elements of the Cambo- an resistance coalition. Under our ini- tive on regional problems at the nited Nations, we are prepared to ay a constructive role in efforts to hieve a Cambodian settlement. In the context of a settlement involving the complete withdrawal of Vietnamese troops, we are prepared to enter into normalization talks with Vietnam.

Despite our serious differences with Vietnam, through bilateral discussions we have achieved progress in accounting for our missing servicemen, and in release of reeducation internees and Amerasians. We have also seen a modest but welcome improvement in relations between Laos and the United States. Our primary measure of Laotian sincerity in improving relations with the U.S. is accelerated efforts to account for our servicemen still missing.

As Australia enters its bicentennial year, close bilateral bonds and security relationships continue to be the keystone of our policy in the region. But regrettably, New Zealand has now written into law the policies that caused us to suspend our ANZUS [Australia, New Zealand, and United States security agreement] Treaty obligations to Wellington. This has dimmed the prospect of New Zealand's resuming its place in the Alliance.

The South Pacific more broadly is passing through a generational change and the stresses of economic and demographic shifts. The island nations of the South Pacific have joined the legion of commodity-exporting countries whose efforts to develop a stable economic base have been undermined by persistently low world commodity prices. At the same time, the positive effects of improved health care have produced rapid increases in population. Memories of U.S. cooperation with the islanders during World War II are dimming. Resource constraints have prevented us from assisting as much as we would wish, but we expect Congress to approve expeditiously authorization for $10 million annually over the five-year life of the new fisheries treaty with the region's islands states. This should help offset some of the irritants that have troubled our traditional good relations in the region and have invited Soviet probes.

In Fiji this past year, we have sorrowfully witnessed a prolonged struggle within that nation's ethnic communities over their future. We remain committed to encouraging a broadly based resolution of Fiji's political troubles.

The decision of the people of Palau last year to accede to the Compact of Free Association lays the foundation for creation of a third freely associated state and for closing our UN trusteeship in the Pacific Islands. This act of self-determination promotes our belief in stability through democracy; and the Compact of Free Association helps accomplish our goal of preventing these Pacific states from becoming caught up in superpower rivalry.

Soviet interest in East Asia and the Pacific remains on the upswing, however, as Moscow's increasingly skillful propagandists seek to erode the concept of deterrence and promote seemingly benign disarmament schemes. The United States and the people of the region naturally seek a reduction of tensions. But this should begin at the real points of tension—North Korea and Vietnamese-occupied Cambodia, for example. We will not be lured into proposals designed to weaken relations with our allies or unilaterally impair our ability to protect U.S. interests in East Asia and the Pacific region.

## STRATEGY FOR AFRICA

The diversity of Africa embodies a broad range of national security interests and presents numerous challenges for the United States. We maintain military access or U.S. facilities in several countries in support of our strategic interests in the region and beyond (such as in Southwest Asia and the Persian Gulf). Africa is an important source of strategic minerals and a potential growth market for U.S. exports. Its shores adjoin some of the most important international sea lanes. It represents a significant voting group in the United Nations and other international organizations.

A number of domestic and external pressures pose threats to our interests in African security. The Soviet Union and its surrogates have made the Horn of Africa an arena for East-West competition. They have sustained a costly civil war in Angola which has shattered the country's economy and seriously degraded the quality of life for innocent civilians. The Soviet Union has viewed southern Africa as an opportune area for its expansionist policies. And it has been the preeminent military supplier for Libya's Muammer Qadhafi, whose southward aggression threatens Chad and other sub-Saharan African countries. Apartheid will not only continue to breed conflict within South Africa, but is a primary cause of instability in all of southern Africa.

***The diversity of Africa embodies a broad range of national security interests and presents numerous challenges for the United States.***

Perhaps as in no other region, economic concerns are closely interrelated with political stability in Africa. After more than two decades of misguided statist policies which produced economic deterioration, many African countries are now recognizing that market-oriented economic reform is critical for renewed growth and development. Public reaction to the stringent reforms which are now needed will pose another kind of threat to political stability, at least in the near term. Moreover, Africa's heavy debt burden has stymied the abilities of governments to move beyond economic reform to economic growth.

An effective U.S. strategy toward Africa integrates political, military, and economic elements. We must continue to sustain relationships with our military partners and support regimes threatened by Soviet and Libyan aspirations. We will work for national reconciliation and the peaceful resolution of conflicts in Angola, Namibia, and elsewhere. We will continue to promote peaceful progress toward non-racial representative democracy in South Africa, and peace between South Africa and its neighbors. We support regional economic cooperation among the countries of southern Africa and will assist collaborative efforts to achieve economic development. We must encourage governments to stay the politically risky course of economic reform.

In a region as underdeveloped as Africa, which has relatively little access to private sources of capital, our ability to achieve our objectives depends in very significant measure on effective economic and security assistance programs. Too often security assistance is portrayed as a tradeoff against support for development. In Africa, this distinction is particularly ill-founded. Our security assistance programs promote a stable political and economic environment that permits the exercise of individual choice and the development of human talent. Without that environment, sustained development is not possible.

U.S. military assistance programs in Africa have always been modest, but recently funding has been almost eliminated by Congress. It is in our national interest to provide a reasonable level of support to moderate, friendly countries such as Kenya and Zaire, to regimes on the front lines of Soviet-supported aggression such as Somalia, and to countries facilitating access in support of our strategies in Southwest Asia and the Persian Gulf.

U.S. military training programs are an invaluable instrument for promoting professionalism and respect for human rights. The exposure to Weste values that comes from such program may foster a respect for the United States and democratic institutions among individuals who play a key rol in determining the level of freedom a stability in African countries. Many these programs also contribute to ec nomic security. The African Coastal S curity Program, for example, provide training to West African countries to enable them to protect their coastal fish stocks from unauthorized foreign fishing fleets.

The U.S. assistance program in South Africa for victims of apartheid enacted into law by Congress, helps prepare disenfranchised citizens for participation in constitutional democracy and a free enterprise economy i post-apartheid South Africa. Our ne program for regional trade and trans port development in the southern Af rican states furthers our mutual political interests and enables these countries to develop alternatives to total dependence on South Africa.

As African countries struggle to liberalize and expand their economie market economics are on trial. Our challenge is to be able to provide enough resources to permit new economic policies to bear fruit and enab African countries to become fully int grated into the existing world tradin and financial system. A promising st has been made with the President's I tiative to End Hunger in Africa, the African Economy Policy Reform Program, the Baker Plan providing assistance on debt, and the Food for Progress program. We must ensure that our assistance programs and the of other donor countries and institutions give impetus to further progre

As part of that effort, we will co tinue to work with our Western and Japanese partners to find creative so tions to the debt problem of countrie implementing reforms. Our budgetar restrictions limit what we can do directly, but much is at stake. Althoug the aggregate debt is small compare to that of Latin America, it has prevented the growth benefits of econon reform from being realized.

## SRATEGY FOR LOW ITENSITY CONFLICT

Vile high intensity conflict has been s cessfully deterred in most regions of pmary strategic interest to the Uited States, low intensity conflicts c tinue to pose a variety of threats to t achievement of important U.S. ob- jctives. As described in last year's re- pt, low intensity conflict typically nnifests itself as political-military con- ntation below the level of conven- tnal war, frequently involving p tracted struggles of competing prin- cles and ideologies, and ranging from s version to the direct use of military fce. These conflicts, generally in the Ird World, can have both regional a l global implications for our national s urity interests. For example:

- Military basing, access and tran- s rights in the Philippines, key to US. power projection capabilities in t Western Pacific and Indian Oceans, a presently threatened by the com- r nist insurgency being waged against t Philippine Government.
- In mineral-rich southern Africa, i urgencies, economic instability and a artheid, as well as ethnic tribal con- f ts, pose potential threats to the ex- t ction of essential raw materials and t ir export to industries in the West a l Japan. The conflicts endemic to the r gion are exacerbated by the activity c the Soviet Union and its surrogates.
- Soviet, Cuban and Nicaraguan s port for insurgencies in El Salvador a l elsewhere in Latin America t eaten nascent democracies in the re- gn which are already struggling with c onic poverty, economic under- c velopment, and the growing influence narcotics cartels.
- Libya has used the threat of re- icting or denying oil shipments to nt West European response to state- onsored terrorism, while simul- neously training terrorists on Libyan il. Freedom of action for some U.S. ies can be limited by economic ties.

Our strategies for dealing with low ensity conflict recognize that U.S. sponses in such situations must be realistic, often discreet, and founded on a clear relationship between the conflict's outcome and important U.S. national security interests. Many low intensity conflicts have no direct relevance to those interests, while others may affect them in the most fundamental ways. When a U.S. response is called for, we take care to ensure that it is developed in accordance with the principles of international and domestic law, which affirm the inherent right of states to use force in individual or collective self-defense against armed attack; and to assist one another in maintaining internal order against insurgency, terrorism, illicit narcotics traffic, and other characteristic forms of low intensity conflict.

Consistent with our strategies for dealing with low intensity conflict, when it is in U.S. interest to do so, the United States will:

- Work to ameliorate the underlying causes of conflict in the Third World by promoting economic development and the growth of democratic political institutions.
- Support selected resistance movements opposing oppressive regimes working against U.S. interests. Such support will be coordinated with friends and allies.
- Take measures to strengthen friendly nations facing internal or external threats to their independence and stability by employing appropriate instruments of U.S. power. Where possible, action will be taken early—before instability leads to widespread violence; and emphasis will be placed on those measures which strengthen the threatened regime's long-term capability to deal with threats to its freedom and stability.
- Take steps to discourage Soviet and other state-sponsored adventurism, and increase the costs to those who use proxies or terrorist and subversive forces to exploit instability.
- Assist other countries in the interdiction and eradication of illicit narcotics production and traffic. Measures which have proven particularly effective include aid to expand and improve the affected country's law enforcement capabilities, to preserve the independence and integrity of its judicial system, and to provide for the sharing of intelligence and investigative capabilities.

Our own military forces have demonstrated capabilities to engage in low intensity conflict, and these capabilities have improved substantially in the last several years. But the most appropriate application of U.S. military power is usually indirect through security assistance—training, advisory help, logistics support, and the supply of essential military equipment. Recipients of such assistance bear the primary responsibility for promoting their own security interests with the U.S. aid provided. Our program of assistance to El Salvador illustrates a successful indirect application of U.S. military power.

The balanced application of the various elements of national power is necessary to protect U.S. interests in low intensity conflicts. But in the final analysis, the tools we have at our disposal are of little use without the support of the American people, and their willingness to stay the course in what can be protracted struggles. We cannot prevail if there is a sharp asymmetry of wills—if our adversaries' determination is greater than our own. At the same time we do hold important advantages. We represent a model of political and economic development that promises freedom from political oppression and economic privation. If we can protect our own security, and maintain an environment of reasonable stability and open trade and communication throughout the Third World, political, economic, and social forces should eventually work to our advantage.

## V. Executing the Strategy

The legislation requiring this annual report wisely emphasized the importance of discussing not only what our strategy is, but how well it is supported, and whether any significant impediments to its execution exist. In a sense, this portion of the report is the most important, for it brings into focus the fundamental issue of whether our strategy and resources are in balance; and, if they are not, whether we should resolve the imbalance by changing the strategy, by supporting it more effectively, or by consciously accepting a higher level of risk to our national security interest.

The following paragraphs will discuss U.S. capabilities to execute the National Security Strategy presented in preceding chapters, with particular attention to those areas where resource shortfalls adversely affect our ability to execute the strategy in efficient and effective ways.

### RESOURCE SUPPORT

The successful execution of any strategy depends upon the availability of adequate resources. This means that we must not adopt strategies that our country cannot afford; and our diplomats and military leaders must not base their plans on resources that are beyond the nation's capability to provide. It also means that Congress, operating from a shared view of U.S. national security interests and objectives, must provide the Executive with the resources necessary to implement a realistic, prudent, and effective National Security Strategy. Recently, however, the Congressional response has been inadequate.

For example, U.S. foreign assistance, including a balanced mix of military and economic assistance, promotes important national interests and helps communicate our values and principles throughout the world. These programs convert our regional strategies into positive, visible actions which provide assistance to people facing severe economic privation, and promote the economic and political development so important to help struggling societies evolve in constructive ways. They also help governments seeking to defend themselves from internal and external threats. By helping our friends enhance their security, we aid in creating the necessary preconditions for economic and political development. In short, our foreign assistance programs support the types of positive change that will protect our national interests over the long-term.

We currently spend less than two percent of our annual federal budget on foreign assistance. This is indisputably money well spent. The good we do, the problems we help solve, and the threats we counter through our assistance programs far outweigh the costs. They represent a highly leveraged investment, with large payoffs for relatively small outlays. Nevertheless, our foreign assistance programs do not receive the support they deserve from the Congress or from the American people. In the last few years, the Administration's foreign assistance budget requests have been severely cut by the Congress. Although all programs must bear the burden of reducing the budget deficit, the cuts in foreign assistance have often been grossly disproportionate. While the federal budget has been growing overall, foreign assistance was reduced by 29 percent in FY86, an additional 11 percent in FY87, and faces another reduction in FY88. The security assistance account now falls significantly below the level needed to maintain, with no expansion, programs critical to our national security interests.

The problem of inadequate funding for foreign assistance is compounded by Congressionally mandated earmarks and restrictions that take an ever larger piece of a shrinking pie. In recent years, Congressional action has earmarked as much as 90 percent of certain foreign assistance accounts to specific countries. These and other re strictions force us to conduct foreign policy with our hands tied. We are lo ing the ability to allocate resources a cording to our strategic priorities, an we have virtually no leeway to respo to emergencies with reallocations of funds. The effects of earmarking on t developing countries is particularly damaging. These smaller programs bear a disproportionate share of the burden when funds earmarked for la programs are maintained at a consta level while the overall assistance pro gram is cut.

The adverse effects of funding c are not limited to our foreign develo ment and security assistance progra To properly coordinate these instruments and to carry out our policies, rely on our diplomatic missions abro No foreign policy, no matter how co ceptually brillant, can succeed unles is based on accurate information abo and correct interpretation of, the de opments in countries we are attemp to influence. We need to be able to p suade others that our goals are wor supporting and that our means are a propriate. The essential tasks of info mation, analysis and communication the primary responsibility of our em bassies and consulates.

Funds available for operating th Department of State and our embas and consulates overseas have been c to an unprecedented point. What th means in real terms is fewer people work on formulating and implementi the nation's foreign policy at all leve It means fewer diplomatic and cons posts—posts which are the eyes and ears of the U.S. Government abroad means not providing the country wi the level of services, reporting, anal sis, or the representation and prote tion of global U.S. interests that we have come to expect.

It cannot be stressed too strong that our diplomatic establishment a our foreign assistance programs are essential part of our political and ec nomic elements of power. We cannot support our National Security Strat

thout them. They work to resolve isions and ameliorate conflicts that, gnored, could degenerate into crises versely affecting U.S. interests. Un- s we are willing to be an active par- ipant in promoting the type of world ler we desire, we may find ourselves npelled to defend our interests with re direct, costly, and painful means. ngressional action to shore up sup- rt for this weakened link in our ca- bility for strategy execution should eive high priority attention.

Adequate and sustained resource port is also needed for our defense grams. Providing for the common fense is the most important responsi- ity of the federal government— ared equally by the Executive and gislative branches. Partnership is the y to its successful execution. In that irit, in the early 1980s—for the third ne since World War II—Congress and e Executive joined in a concerted ort to rebuild and strengthen our litary capabilities. It was clear at at time that only an increase in de- nse investment would produce the cessary sustained impact on the mili- ry balance, and redress the serious sparities between U.S. and Soviet ca- bilities which had emerged during e 1970s—a period of unprecedented litary investment by the Soviets ned at shifting the global "correlation forces" in a decisive and irreversible ay. Fortunately, the Congress and the nerican people recognized the criti- lity of rebuilding the country's de- nses, and we made impressive ogress. Having arrested the adverse end, however, the challenge then be- me not to lose the momentum ained—always a difficult task in a de- ocracy. Unfortunately, we have not ne as well in that regard.

When I submitted the FY88 Bud- et a year ago, I did not ask the Con- ress to approve Defense funding creases of the magnitude that charac- rized those of the early 1980s. At the me time, I did emphasize that Con- ress must act positively to protect the ains that we together had achieved. In articular, I stressed that we must not ntinue on the path of decline in real defense spending established during the preceding two years. With lack of perspective, we had begun a process of reversing the improvements in the U.S.-Soviet balance achieved during the early 1980s. Regrettably, this process continued with the legislative action on the FY88 budget.

> ***The resources needed to support our national strategy, at a prudent level of risk, are within our ability to pay.***

While the Defense figures coming out of the "budget summit" were significantly less damaging than would have been the case had sequestration occurred, they continued the downward trend of the Defense Budget, in real terms, for the third year in a row. Soviet spending, on the other hand, maintained its historical pattern of real growth on the order of 3.5 percent annually during this period of U.S. decline. The unfortunate consequence is that sometime in the future the American people will again be asked to support defense capabilities for which they thought they had once paid. In the meantime, the inefficient procurement rates associated with instability and reduced budgetary resources exacerbate the impact of the Defense Budget cuts.

The FY88 cuts, coming on top of two prior years of decline, have confronted us with a situation in which we must now either reduce the readiness of our forces, or lower investment and eliminate force structure in order to allow our remaining military units to function at an acceptable level of combat capability. Either way, risk will grow, and deterrence will be reduced.

The strategic implication of this continuing decline is that U.S. forces will confront additional risk in regions where the potential exists for high-intensity conflict, and particularly in their ability to conduct high-intensity operations in more than one theater simultaneously. In global conflict this could require us to forego opportunities to bring the conflict to early termination by exerting military pressures on the Soviets from several directions. It increases the likelihood that force limitations will require us to conduct sequential operations in successive theaters, with the risk and uncertainty which that approach entails.

Some will argue that the cuts do not really injure our defense capability; that with greater imagination and a willingness to innovate, we can do more with less in the defense area. In this view, more thoughtful military strategy, improved tactics, or changed emphasis in force structure, can compensate for reduced resource levels. In fact, our commanders work continuously to find better ways to use the forces we have. With our allies, we constantly strive to improve force effectiveness, to capitalize on Soviet vulnerabilities, and to employ competitive strategies which exploit our technological, geographic or other advantages to stress the Soviets' system and require them to make disadvantageous investments. We seek out new ideas on military strategy and force employment, and adopt those which promise real gains in military effectiveness; but we should be under no illusions that there are quick fixes which can ***fundamentally*** reduce our current military requirements.

In this regard, it is noteworthy that—pursuant to recommendations of the 1986 Blue Ribbon Panel on Defense Management—the Joint Chiefs of Staff over the past year have conducted a global net assessment of U.S. and Soviet capabilities and reviewed the national military strategy to examine whether alternative approaches could improve our overall military capability at a given budget level. They concluded that none of the particular alternatives

examined was as effective as the capabilities generated under current plans and strategy.

That is not surprising given the fact that our military strategy and supporting force structure are based on certain fundamental conditions which change slowly, if at all. These include the immutables of geography; the division of labor entailed in our alliance relationships; our advantage in certain advanced technologies; the large capital investment we have in existing forces; and the evolution of the threat. We will continue to review our military strategy to revalidate and update its essential elements. But in our deliberations we need to distinguish between soundly analyzed recommendations for improvements in U.S. or allied strategy—which can be helpful—and those that simply call for a strategy which costs less, without regard to the range of security interests it can assure.

Another way sometimes suggested to compensate for reduced resource levels is to scale back U.S. commitments. But commitments are not an end in themselves; they are simply ways of protecting U.S. interests and achieving the objectives of our National Security Strategy.

While details of those interests and objectives may vary over time, as noted in the first chapter of this report their core elements have changed little since the 1950s. No one seriously advocates abrogation of our treaty relationships with the NATO nations, Japan, the Philippines, Thailand, Australia, or our Hemispheric neighbors. Nor do responsible voices argue against our strategic relationship with Israel, our friendly ties with Egypt, or our cooperative relations with other moderate Arab states. The regional strategy sections of this report illustrate how our diplomatic, economic, and military relationships with these and other key countries interact to support fundamental U.S. interests and objectives. While there may be room for adjustments at the margin in our contributions to regional security, none of our current commitments are plausible candidates for major reduction, given the scope of our global interests, the threats to those interests, and the increasingly interdependent nature of free world political, economic, and security relationships. Both Congress and the Executive Branch should continue to review our commitments worldwide, but I see no prudent way to reduce those commitments while remaining true to our values, maintaining essential and usually beneficial alliance relationships, and safeguarding our future.

This does not imply that the United States is necessarily satisfied with the contributions which our allies and friends make to the common defense in those regions where we have major military commitments. In Europe in particular, our NATO allies can and should do more to enhance Alliance conventional defense capabilities. We will continue to press them for more appropriate levels of defense investment and improved efficiency in the use of Alliance resources, while rejecting the self-defeating argument that the failure of some allies to meet agreed goals should prompt us to reduce our own contribution to Alliance capabilities. We are in Europe because it is in our interest to be there; and, within the limits of Congressional funding, we will continue to contribute those forces which we believe are essential to the support of our national security interests and objectives. At the same time we expect our allies to show an equal interest in the common defense, and to recognize the need to take on an increasing share of the burden as we work together to improve NATO's conventional defense capability and the plans for employing it.

Finally, I should note that the defense program required to support our strategy is eminently affordable. In fact, in the past seven years, Americans have devoted an average of only 6.1 percent of gross national product (GNP) to national defense—well under rates in the 1950s and 1960s, which averaged about 10 percent. Similarly, at about 28 percent of federal outlays, defense spending falls well below the peacetime average of 41 percent during the postwar era. In both instances, tl increases of the early 1980s seem larg only because the spending of the late 1970s, which averaged less than 5 per cent of GNP, was so severely depressed. The resources needed to support our national strategy, at a pr dent level of risk, are within our abili to pay. Failure to provide these resources simply defers to future budge the task of regaining lost ground, wh increasing risks to our security in the near-term.

## BIPARTISAN COOPERATION

The continued development and successful execution of U.S. National Se curity Strategy is a major responsibility of the Executive Branc But, as the foregoing discussion has emphasized, we cannot accomplish th alone. Supporting a security strategy that provides a sound vision for the f ture and a realistic guide to action m be a cooperative endeavor of the Administration and the Congress.

In this regard, I believe both branches need to review their constit tional roles and the relationship between them in the national security area. There are important powers he some that are best shared, some that are Presidential responsibilities. Afte seven years in office, I am convinced that the numerous consultative arrangements established between the two branches in areas such as arms n gotiations, intelligence, and military contingency operations generally rep sent the best way to coordinate our views and resolve our differences. We should continue to look for ways to in prove these arrangements; but they a far superior to more rigid structural a ternatives that, in response to a speci set of circumstances, would attempt t define in law the precise constitutiona boundaries of Executive and Legislati authority which the Founding Father purposely left in broad terms.

Equally detrimental is the increasing tendency of the Congress to act in a detective manner with regard to details of foreign, defense, and arms control policy, limiting the flexibility of the Executive Branch by enacting into law positions on which the President should be allowed reasonable discretion. This tend diminishes our ability to conduct rational and coherent policies on the world scene; reduces our leverage in critical negotiations; and impedes the integrated use of U.S. power to achieve important national security objectives. It causes others to view us as unreliable, and diminishes our influence generally.

In addition, I would suggest that the Congress reconsider how it can best organize itself for fulfilling its Constitutional role. Over the past twenty years, power and authority have effectively drifted away from experienced leadership and committee chairmen, and toward individual members and special interest coalitions. From a Congressional perspective, Cabinet Secretaries and White House advisers may present diverse points of view while policy is in the formative state; but the President speaks with authority once policy decisions are made. The President, however, faces a far different situation in dealing with Congress. In approaching the Congress as a partner in the formulation of national security policy, the President must have confidence that the Legislative branch leadership is capable of implementing any consensus that is reached, without being second-guessed or undercut by autonomous members or interest groups.

This suggests the need for other legislative reforms. I have often emphasized that restoring and maintaining an adequate military balance, and fulfilling our international obligations, requires a long view and fiscal stability. This is not accomplished in a repetitive and topsy-turvy annual budget cycle. We must face squarely the need for multi-year authorizations and appropriations, consistent with constitutional limitations, in order to support our national security and international affairs programs more efficiently and effectively. While some progress has been made, particularly with the recent adoption by the Congress of a partial two-year defense authorization bill, much more can and should be done. In this regard, it is important to recall the conclusion of the Blue Ribbon Commission on Defense Management that, in the future, significant efficiencies in the defense budget are more likely to be achieved through greater program stability than through specific management improvements by the Department of Defense.

Above all, we must both work harder to rebuild a bipartisan public consensus on our National Security Strategy and the resources needed to execute it. The fundamental policies and strategies we have pursued are similar to, and consistent with, those pursued by previous generations of American leaders. Renewed consensus will be forged on the anvil of public debate—among responsible officials in government, between the Congress and the Executive, in consultations with our allies and friends, and among the larger community of interested and concerned American citizens. We look forward to that debate and to working with the Congress to achieve increased understanding of, and broad support for, our National Security Strategy. There can be no endeavor more important for the long-term well-being of the American people; and I solicit the Congress' closest collaboration in achieving it.

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Released by the White House in January 1988. ■

# Peace and Democracy for Nicaragua

*President Reagan's address to the nation on February 2, 1988.*[1]

I want to begin tonight by telling a story, a true story of courage and hope. It concerns a small nation to our south—El Salvador—and the struggle of its people to throw off years of violence and oppression and live in freedom.

### The El Salvador Example

Nearly 4 years ago, I addressed you as I do tonight and asked for your help in our efforts to support those brave people against a communist insurgency. That was one of the hardest-fought political battles of this Administration. The people of El Salvador, we heard, were not ready for democracy; the only choice was between the left-wing guerrillas and the violent right, and many insisted that it was the guerrillas who truly had the backing of the people.

But with your support, we were able to send help in time. Our package of military aid for El Salvador passed Congress by only four votes—but it passed. Some of you may remember those stirring scenes as the people of El Salvador braved communist gunfire to turn out in record numbers at the polls and vote emphatically for democracy.

Observers told of one woman, wounded in a communist attack, who refused to leave the line at the polls to have her wounds treated until after she had voted. They told of another woman who defiantly answered communist death threats saying, "You can kill me, you can kill my family, you can kill my neighbors, but you can't kill us all." That is the voice of a people determined to be free. That is the voice of the people of Central America.

In these last several years, there have been many such times when your support for assistance saved the day for democracy. The story of what has happened in that region is one of the most inspiring in the history of freedom. Today El Salvador, Honduras, Guatemala, as well as Costa Rica, choose their governments in free and open democratic elections. Independent courts protect their human rights, and their people can hope for a better life for themselves and their children. It is a record of success that should make us proud. But the record is as yet incomplete.

### Sandinista Threat to Regional Peace

This is a map of Central America. As I said, Guatemala, Honduras, El Salvador, and Costa Rica are all friendly and democratic. In their midst, however, lies a threat that could reverse the democratic tide and plunge the region into a cycle of chaos and subversion. That is the communist regime in Nicaragua called the Sandinistas—a regime whose allies range from communist dictator Fidel Castro of Cuba to terrorist-supporter Qadhafi of Libya. But their most important ally is the Soviet Union.

With Cuban and Soviet-bloc aid, Nicaragua is being transformed into a beachhead for aggression against the United States; it is the first step in a strategy to dominate the entire region of Central America and threaten Mexico and the Panama Canal. That is why the cause of freedom in Central America is united with our national security. That is why the safety of democracy to our south so directly affects the safety of our own nation.

But the people of Nicaragua love freedom just as much as those in El Salvador. You see, when it became clear the direction the Sandinistas were taking, many who had fought against the old dictatorship literally took to t hills and, like the French Resistance that fought the Nazis in World War I they have been fighting the communis Sandinistas ever since.

### *Contra* Struggle and Peace Negotiations

These are the forces of the democrati resistance—the communist governme named them *contras*, but the truth is they are freedom fighters. Their tena cious struggle has helped buy the sur rounding democracies precious time and, with their heroic efforts, they a helping give freedom a chance in Nic aragua. A year-and-a-half ago, Congress first approved significant milita aid for the freedom fighters. Since th they've been winning major victories the field and doing what many at firs thought impossible—bringing the cor munist Sandinistas to the negotiating table and forcing them to negotiate seriously.

From the beginning, the United States has made every effort to nego ate a peace settlement—bilaterally, multilaterally, in other diplomatic set tings. My envoys have traveled to th region on at least 40 different occasions. But until this last year, these negotiations dragged on fruitlessly b cause the Sandinistas had no incenti to change. Last August, however, wi

nting pressure from the freedom ters, the Sandinistas signed the temala peace plan.

This time, the leaders of the four tral American democracies refused t the peace negotiations become an ty exercise. When Nicaragua sed the second deadline for com- nce, the democratic leaders cou- ously stood as one to insist that Sandinistas live up to their signed mitments to democratic reform. ir failure to do so, said the demo- ic leaders, was the biggest obstacle eace in the region. The Sandinistas clearly feeling the pressure and are inning to take limited steps.

### . Support Package

at this crucial moment, there are e who want to cut off assistance to freedom fighters and take the pres- off. Tomorrow the House of Repre- atives will be voting on a -million bill—a support package to freedom fighters. Ninety percent is nonlethal support such as food, hing, and medicine and the means leliver it. Ten percent is for am- ition. That amount will be sus- ded until March 31st to determine ther the Sandinistas are taking ir- ersible steps toward democracy. I hopeful this will occur. However, if re is no progress toward a negoti- d cease-fire, I will make a decision elease these additional supplies— only after weighing carefully and roughly the advice from Congress the democratic presidents of Cen- l America.

Over the past several days, I have t with many Members of Congress— publicans and Democrats—concern- my proposal. In the spirit of bipar- anship, I will tomorrow send a letter the congressional leadership taking a ther step. At the appropriate time, I l invite Congress to act by what is led a sense-of-Congress resolution on question of whether the Govern- nt of Nicaragua is in compliance h the San Jose declaration. If Con- ess adopts such a resolution within 10 ys containing this finding, then I will nor this action and withhold deliv- es of ammunition in this package. e thing is clear; those brave freedom hters cannot be left unarmed against mmunist tyranny.

Some say that military supplies are t necessary, that humanitarian aid is ough. But there is nothing human- rian about asking people to go up ainst Soviet helicopter gunships with thing more than boots and bandages. There is no vote scheduled tomorrow in the Soviet Union on continued assistance to the Sandinistas; that assistance will continue, and it will not be just humanitarian.

Our policy of negotiations, backed by the freedom fighters, is working. Like the brave freedom fighters in Afghanistan who have faced down the Soviet Army and convinced the Soviet Union that it must negotiate its withdrawal from their country, the freedom fighters in Nicaragua can win the day for democracy in Central America. But our support is needed now; tomorrow will be too late. If we cut them off, the freedom fighters will soon begin to wither as an effective force. Then, with the pressure lifted, the Sandinistas will be free to continue the consolidation of their totalitarian regime, the military buildup inside Nicaragua, and communist subversion of their neighbors. Even today, with the spotlight of world opinion focused on the peace process, the Sandinistas openly boast that they are arming and training Salvadoran guerrillas.

We know that the Sandinistas, who talk of a revolution without borders reaching to Mexico, have already infiltrated guerrillas into neighboring countries. Imagine what they will do if the pressure is lifted. What will be our response as the ranks of the guerrillas in El Salvador, Guatemala, even Honduras and unarmed Costa Rica, begin to swell and those fragile democracies are ripped apart by the strain? By then the freedom fighters will be disbanded, refugees, or worse—they will not be able to come back.

### Concerns for U.S. National Security

Let me explain why this should be and would be such a tragedy, such a danger to our national security. If we return to the map for a moment, we can see the strategic location of Nicaragua. Close to our southern border, within striking distance of the Panama Canal, domination of Central America would be an unprecedented strategic victory for the Soviet Union and its allies. And they're willing to pay for it. Cubans are now in Nicaragua constructing military facilities, flying combat missions, and helping run the secret police. The Soviet Union and Soviet-bloc countries have sent over $4 billion in arms and military aid and economic aid—20 times the amount that the United States has provided the democratic freedom fighters. If Congress votes tomorrow against aid, our assistance will very quickly come to an end—but Soviet deliveries will not.

We must ask ourselves why the Soviet Union, beset by an economic crisis at home, is spending billions of dollars to subsidize the military buildup in Nicaragua. Backed by some 2,000 Cuban and Soviet-bloc advisers, the Sandinista military is the largest Central America has ever seen. Warsaw Pact engineers are completing a deep-water port on the Caribbean coast—similar to the naval base in Cuba for Soviet submarines—and the recently expanded airfields outside Managua can handle any aircraft in the Soviet arsenal, including the Bear bomber, whose 5,200-mile range covers most of the continental United States.

### Sandinista Military "5-Year Plan"

But this is only the beginning. Last October a high-ranking Sandinista officer, Roger Miranda, defected to this country, bringing with him a series of 5-year plans—drawn up among the Sandinistas, Soviets, and Cubans—for a massive military buildup in Nicaragua extending through 1995. These plans, which Major Miranda makes clear are to be put into effect whether the freedom fighters receive aid or not, call for quadrupling the Sandinista armed forces—to 600,000, or one out of every five men, women, and children in the country.

As I speak to you tonight, several thousand Nicaraguans are taking courses in the Soviet Union and Cuba to learn to operate new high-tech missiles, artillery, and other advanced weapons systems. Of grave concern is the fact that the Soviets have scheduled delivery of Soviet MiG aircraft to Nicaragua. If these were just the claims of one defector, no matter how highly placed and credible, some might still find reason to doubt. But even before Major Miranda's revelations were made public, his old boss, Defense Minister Humberto Ortega, confirmed them in a public speech—adding that if Nicaragua chose to acquire MiGs, it was none of our business.

The introduction of MiGs into Nicaragua would be so serious an escalation that members of both parties in the Congress have said the United States simply cannot tolerate it.

### Sandinista "Promises"

The Miranda revelations cannot help but make us skeptical of the recent Sandinista promises to abide by the Guatemala peace accord. The argument is made that the freedom fighters are unnecessary, that we can trust the

Sandinistas to keep their word. Can we? It is important to remember that we already have a negotiated settlement with the Sandinistas—the settlement of 1979 that helped bring them to power, in which they promised—in writing—democracy, human rights, and a nonaligned foreign policy.

Of course, they haven't kept a single one of those promises, and we now know that they never intended to. Barely 2 months after assuming power, the Sandinista leadership drafted a secret report, called the "72-hour document," outlining their plans to establish a communist dictatorship in Nicaragua and spread subversion throughout Central America. This is the document in which they detailed their deception. It is now part of the public record, available for all to see.

One day after that 72-hour meeting, President Carter, unaware of their secret plans, received Daniel Ortega here in the White House and offered his new government our friendship and help, sending over $100 million aid, more than any other country at the time, and arranging for millions more in loans. The Sandinistas say it was U.S. belligerence that drove them into the hands of the Soviets. Some belligerence.

A short while later, the Sandinista *comandantes* made their first official trip to Moscow and signed a communique expressing support for the foreign policy goals of the Soviet Union. But that, one might say, was only the paperwork. Already Soviet military planners were in Nicaragua, and the Sandinista subversion of El Salvador had begun—all while our hand was extended in friendship.

This is not a record that gives one much faith in Sandinista promises. Recently Daniel Ortega was up in Washington again, this time talking to Members of Congress, giving them assurances of his commitment to the Guatemala peace process. But we now know that at the same time, back in Managua, the Sandinistas were drawing up plans for a massive military escalation in Nicaragua and aggression against their neighbors.

As the Sandinistas see the vote on aid to the freedom fighters nearing, they are making more promises. Forgive my skepticism, but I kind of feel that every time they start making promises, like that fellow in the Isuzu commercial, there should be subtitles under them telling the real story.

One may hope they're sincere this time, but it hardly seems wise to stake the future of Central America and the national security of the United States on it. The freedom fighters are our insurance policy in case the Sandinistas once again go back on their word. The Sandinistas themselves admit that the limited steps they have taken to comply with the peace accords were promised in order to influence the vote in Congress. Was there ever a better argument for aid?

Even now, with the entire world watching, the Sandinistas have harassed and beaten human rights activists and arrested several leaders of the peaceful democratic opposition, including the editor of *La Prensa*. Before being interrogated, some were sealed for over an hour in metal lockers, 3 feet square on the floor and 7 feet high. Said one *comandante* of the opposition, they are "scorpions. They should return to their holes, or we will crush them."

Just a short while ago, the Sandinistas made their true intentions clear. Even if they were forced to hold elections and lost, they said they would never give up power. Responding to the estimate that the Sandinistas have no more than 15% popular support, another *comandante* responded by saying, "That's all right. We can hold on to power with only 5%." These are not the words, they are not the actions of democratic reformers.

Those who want to cut off the freedom fighters must explain why we should believe the promises the Sandinista communists make trying to influence Congress but not the threats they make at home. They must explain why we should listen to them when they promise peace and not when they talk of turning all Central America into one "revolutionary fire" and boast of carrying their fight to Latin America and Mexico.

If we cut off aid to the freedom fighters, then the Sandinistas can go back to their old ways. Then the negotiations can become, once again, what they were before—high-blown words and promises and convenient cover while the Sandinista communists continue the consolidation of their dictatorial regime and the subversion of Central America.

### *Contra* Successes

During the last vote in Congress, many who voted for aid to the freedom fighters set conditions on further assistance. They said the freedom fighters must show that they are a viable fighting force and win support from the peopl The latest victory in the Las Minas area proved that. For several weeks, nearly 7,000 freedom fighters maneuvered in secret throughout the country—something they could only have done with support of the population. one of the largest military operations Nicaraguan history, they overran enemy headquarters, routed army barracks, and blew up ammunition dump petroleum tanks, and other military targets. At one point, they captured warehouse where grain was being hoarded for the army. The freedom fighters opened the doors and invitec the hungry people of the area to take what they needed.

The freedom fighters are inside Nicaragua today because we made a commitment to them. They have done what Congress asked; they have prov their effectiveness. Can we, as a mor people, a moral nation, withdraw tha commitment now and leave them at t mercy of the Sandinista regime? Or turn them forever into refugees—refu gees from the country for which they are making such a heroic sacrifice? What message will that send to the world, to our allies and friends in fre dom? What message will it send to o adversaries? That America is a fair-weather friend, an unreliable ally? Don't count on us, because we may n be there to back you up when the go gets a little rough.

By fighting to win back their cou try, the freedom fighters are prevent the permanent consolidation of a Sov military presence on the American mainland; by fighting for their freedc they are helping to protect our natio security. We owe them our thanks, n abandonment.

Some talk of "containment," but must not repeat the mistake we mad in Cuba. If "containment" did not wo for that island nation, how much less effective will it be for an expansionis Soviet ally on the American mainlanc I will tell you truthfully tonight, the will be no second chances tomorrow. Congress votes down aid, the freedo fighters may soon be gone and, with them, all effective pressure on the Sandinistas.

Our goal in Nicaragua is simple—peace and democracy. Our policy has consistently supported the efforts of those who seek democracy throughou Central America and who recognize that the freedom fighters are essenti to that process.

### Conclusion

So my fellow Americans, there can be no mistake about this vote: It is up or down for Central America; it is win or lose for peace and freedom; it is yes or no to America's national security.

My friends, I have often expressed my belief that the Almighty had a reason for placing this great and good land, the "New World," here between the vast oceans. Protected by the seas, we have enjoyed the blessings of peace—free for almost two centuries now from the tragedy of foreign aggression on our mainland. Help us to keep this precious gift secure. Help us to give support for those who struggle for the same freedoms we hold dear. In doing so, we will not just be helping them; we will be helping ourselves, our children, and all the peoples of the world. We will be demonstrating that America is still a beacon of hope, still a light unto the nations. Yes, a great opportunity awaits us, an opportunity to show that hope still burns bright in this land and over our continent, casting a glow across the centuries, still guiding missions—to a future of peace and freedom.

[1]Text from Weekly Compilation of Presidential Documents of Feb. 8, 1988. ■

# The Struggle Against Terrorism

*Secretary Shultz's address before the Anti-Defamation League of B'nai B'rith on the occasion of receiving the Joseph Prize for Human Rights in Palm Beach, Florida, on February 12, 1988.*[1]

From time to time, people—especially our friends abroad—have asked me what does human rights have to do with American foreign policy? Well, the answer is straightforward. Human rights are at the heart of our foreign policy because human rights are at the heart of our constitution as a nation.

Last year, celebrating the Constitution's bicentennial, President Reagan called our national charter a "covenant with all mankind." America holds at the center of its values the worth and dignity of the individual. We are a great nation because we have never forgotten our faith in the unique value of every human being. And our public policy—if we are to be true to ourselves—must always reflect that faith and commitment. Our advocacy of human rights is, therefore, a natural part of our foreign policy. The denial of those rights, whether through unjust laws or unjust action, arouses our anger and offends our sense of justice.

Of course, as the times change, so does the challenge to human rights. Two centuries ago, it meant revolution, spelling out fundamental principles in our Constitution. Today, we continue to observe those fundamental principles. Two decades ago, it meant civil rights and opening America's promise to all of our citizens. Ten years ago, it meant an international code at Helsinki, politically binding on all the participants—including the Soviet Union. Today, we continue our commitment to that ideal. And when I meet Soviet Foreign Minister Shevardnadze in Moscow later this month, human rights, including the plight of Soviet Jewry, including the plight of those who are divided from their husbands or wives, will be at the very top of my agenda.

In this decade, an important part of the struggle for human rights has also meant the struggle against terrorism. This is because the terrorist uses innocent human beings the way a smoker uses matches. People become throwaways. They are stripped of their humanity; used, then abandoned. Nothing could be more repugnant to America's commitment to the rights and dignity of the individual.

Fortunately, we are not alone in the fight against terrorism. Among our allies, Israel, in particular, has shown us a great example. Courage, skill, and public support are the watchwords of the Israeli effort against terrorism. We have been proud to work with Israel on this problem, and we will continue to do so. When the story is written of how the democracies beat the terrorists, let our names appear together.

Today I want to update you on our struggle against terrorism. I want to tell you, as clearly as I can, that the right policies are in place. Not only are they in place, they are working. It's been a tough fight, and we have had our share of bitter experiences. But it is paying off.

To succeed against terrorism, we have to understand the terrorists' aims and strategy and how terrorism affects us. That comes first. Second, we need timely and accurate intelligence. That often means pooling resources with other concerned governments. Third, we must strengthen security measures to protect American citizens from terrorist attack at home and abroad. And fourth, very important, defense is not enough. We have to go on the offensive to disrupt terrorist operations, destroy their networks, and bring them to justice.

### Understanding Terrorist Aims and Strategy

So, first, we must understand terrorist aims and strategy. The facts show that most acts of terrorism are committed against the citizens of the democracies. That is not just because they oppose our policies. Terrorists are drawn to attack democracies because they believe they can turn our regard for human rights into a vulnerability. They try to play our compassion for the innocent against our instinct for self-defense. The terrorists say to us, "Look, it's very simple. Change your policy, and no more planes are hijacked. Figure out a way to give us what we want, and no more children will be killed. We'll release your hostages if you free our brothers or pay us a ransom. After all, injustice has made us desperate." That's the con job they try to put over on you.

Our first response to this challenge must be clear thinking. Terrorism naturally arouses our emotions, our anger, our compassion. I have felt it, and you have felt it. I am saying, however, that

hard as it may be, the best approach to countering terrorism is to act with cool reason and cold calculation.

Let me take, for example, what is sometimes called the Stockholm syndrome. Psychologists have noted that individuals held hostage often begin to sympathize with the cause of their captors. Nations, not just individuals, are vulnerable to this syndrome. After all, if men are so desperate that they commit indiscriminate violence, should we not reexamine their grievances? So there are those who conclude that terrorism is an inevitable response to unresolved political and social problems.

Cool reason, however, leads us to a different conclusion. If we think clearly about terrorism, we see the fatal fallacy in the slogan "one man's terrorist is another man's freedom fighter." As Scoop Jackson often reminded us, no cause justifies attacking the innocent. Freedom fighters do not hijack or blow up civilian airplanes. Freedom fighters do not shoot people in wheelchairs and toss them into the sea. Freedom fighters do not take teachers and journalists hostage. Terrorists do.

While innocent civilians are the pawns, the real object of the game—if there is any beyond money and a perverse sense of power—is to get governments to change their policies. Much international terrorism originates in the Middle East, we know. I can tell you the policy they do not like. It's our support for Israel. It's our support for a peace process, for negotiated and compromise solutions to the region's problems. It's our support for those Arabs who want peace and who want to negotiate. That is why vigorous efforts to defeat terrorism are an essential element in our strategy to advance diplomatic solutions to the Arab-Israeli conflict.

Elsewhere in the world, the pattern is similar. The closer an issue comes to peaceful resolution, the harder terrorists try to thwart these efforts. In Spain, the ETA [Basque Fatherland and Freedom] claims that its terrorism is a response to repression by the central government. Yet, the vast majority of the more than 700 deaths resulting from Basque terrorism have occurred since 1979, when the Spanish Government granted significant autonomy to the Basque region.

In Peru, terrorists claim to act on behalf of poor peasants. Yet who are the victims? The overwhelming majority of the more than 10,000 innocent people murdered by these terrorists have been rural poor.

Hostage-holding is another illustration of the terrorists' total contempt for humanity. Terrorists employ this tactic precisely because they know that civilized societies, and particularly the democracies, place a high value on human life and the rule of law. The choices faced by democratic governments in hostage situations are, therefore, agonizingly difficult.

There is one thing we and other countries have learned from bitter—very bitter—experience. If we pay ransom, if we release prisoners, if we change our policies—or if we encourage other governments to do so—then we will simply encourage more terrorism. Our government has repeatedly made clear that we will talk to anyone, to any group, to any government about the well-being and release of the Americans still held hostage in Lebanon. Thus far, those holding the hostages have been unwilling to discuss with us the issue or its resolution, either directly or indirectly. In fact, their only communications are impersonal and one way—through press releases and video recordings. We will continue to pursue actively whatever contacts we can. At the same time, our policy is firm—we will not make concessions to terrorists or compromise our fundamental principles.

And what are the demands of these terrorists? They want us to force another country to release their brothers in crime. Just think about that. They kidnap innocent people to try to force us to free other terrorists who have been caught and convicted of murder. Well, we are not going to do it. I don't know how anyone can call that moral. I don't know of any religion that justifies it.

I am confident that the American people understand and support the logic of our policy toward hostage-taking. While our deepest sympathies go out to the families of those held captive—for they, too, are victims of the terrorist scourge—we also must protect the national interest. We have to protect our citizens in the future even as we seek to help the victims of the present. As we move into this election year, I am equally confident that any effort by the hostage-holders to exploit our democratic electoral process will be met with ringing and cold rejection.

Eventually, we hope that the hostage-takers will realize that there is no point in holding innocent Americans. I can only tell you that we have not given up hope. Circumstances change in the Middle East, sometimes very rapidly.

To sum up our position, we believe that behavior rewarded is behavior repeated. Terrorism must not pay. It is a very difficult rule to follow in practice. We know that. But follow it we must if we are ever to turn the tables on the terrorists.

### Obtaining Reliable Intelligence

The second element of our four-part counterterrorism effort is to obtain r able intelligence. Who are the terrorists? Clearly, some are small grou of fanatics. Others are well-organize groups operating across national bor ders. Some support themselves thro crime. In some cases, an unholy alliance has been formed between dru peddlers and terrorists. The peddler provide the money, and the terrorist provide the muscle. Other terrorists draw support directly from governments. I think you would agree with me that the increase of state-sponso terrorism is one of the more disturbi developments of late on the international scene.

Solid intelligence on terrorism is not easy to develop. Technical means collection, through satellite or electronic intercepts, are good, but to d better we need people on the spot. A penetrating terrorist organizations i difficult and dangerous job. Nevertheless, in spite of what the leade of these groups like to think, we are finding ways to reach less-than-loyal subordinates. We know more about them than they think we do.

I would like to salute the unsun heroes of the struggle against terrorism. These heroes are the intelligence analysts. Often they have lit to go on: a photograph, a fragment an overheard conversation, the text communique, the summary of a mee ing, a used airline ticket. Sometime is like piecing together a gigantic ji saw puzzle, but it's a puzzle that car save lives.

We are always ready to hear fro other nations who have experience this problem. We are ready to pool efforts. I am encouraged by the will ness of our close allies and friends t work together on these problems. A we are getting good results. Most re cently, for example, international co eration among a half-dozen countrie led to the arrest of the North Korea agents who destroyed the civilian ai liner last November.

The resources devoted to impro intelligence collection, analysis, and sharing are paying off. In the past 3 years, we may have averted more th 200 terrorist attacks through intelligence efforts. No one writes about Not many know about it. But we ca take great satisfaction from the fact that people are alive and well today who never even suspected they were danger.

### Improving Security Measures

The third critical element of our policy against terrorism is to improve our security measures. Let me give you two examples:

- Our efforts to improve security at U.S. embassies; and
- International efforts to improve airline safety.

The people who represent the United States abroad serve in the front lines of America's interests. Our diplomats often work in areas which can rightly be described as combat zones. I am reminded of this every time I enter the State Department and see two plaques on the wall commemorating members of the Foreign Service who died in the line of duty. The older plaque took 187 years to fill up. Most of the people listed there lost their lives in accident or disease. The more recent plaque, however, took only 20 years to fill up. And most of the people on it were murdered by terrorists. So, don't let anyone tell you that diplomacy is a tea party or pushing cookies.

We have developed tough new standards about how our diplomatic installations are to be defended, and we have improved coordination with host-country security officials. The State Department has also taken the lead in training over 6,000 civilian law enforcement officials from 45 countries in the techniques of counterterrorism.

All of this has been done without changing the essentials of our representation abroad. The terrorists cannot be allowed to run us out of town.

This progress has not been cheap. Over the past 4 years, we have spent over a billion dollars to provide a better defense for America's diplomatic facilities overseas. Now look at the results. Us protective devices have been installed and our diplomatic establishments have become harder to hit, attacks and casualties have declined. Let me give you some examples.

- In Baghdad, a missile detonated near a plate-glass window in the home of the deputy chief of mission. Had shatter-resistant film not been placed on that window, his daughter would have suffered serious injury or death.
- On June 25, 1983, the U.S. Embassy in San Salvador was strafed by machineguns for several minutes. After the attack, it was found that the wall around the embassy and the armor-plated windows had prevented several bullets from penetrating offices.

Other attacks have been thwarted. We regularly receive reports that terrorist groups have given up trying to attack an American establishment because they found it too well defended. Experience tells us that the myth of the terrorist willing to die for a cause is largely that—a myth. Terrorists are not dumb, and they are not courageous. Most of them do not go on suicide missions. That is not their purpose.

In the field of airline safety as well, tremendous strides have been made in the past few years. A decade or two ago, it was not unusual to have 15 or even 18 hijackings a year. In 1970, the Popular Front for the Liberation of Palestine hijacked three airliners in one day. Since then, we and the international community have developed near-universal screening of airline passengers for weapons and explosives.

As a result, terrorist air piracy has declined to its lowest level since we began keeping records over 20 years ago. In 1986, there were only two terrorist hijackings of aircraft, and only one in 1987.

Some have criticized the cost and effectiveness of defensive measures. I remember when we first started at this, I was Director of the Budget, and along came this program, and you know how a Director of the Budget reacts to something that's going to cost a lot of money. You try to poke holes in it. But, of course, I had to go along. And then I remember people were complaining: "Why do I have to stand in line in the airport, because I have to go through this thing?" Nowadays, I suspect, that any of you who go to an airport, and you don't have to go through a security measure, you don't like that. You want this to go on. I agree that it is costly. But I would rather see us spend the money than spend the lives. This is slow work, it's not exciting, but better security equipment and procedures ***do*** make a difference.

Let me add here that our policy is not simply government people protecting themselves. Our ambassadors are sensitive to security threats to any Americans abroad, whatever their status, and we have established an Overseas Security Advisory Council designed specifically to help U.S. businessmen abroad. And our embassy security officers are always available to talk about safety measures.

### Taking the Offensive

What I have told you about strategy, intelligence, and defense describes only part of the policy. The terrorists are waging war against us. And we have every right under international law to defend ourselves. Part of that defense is to take the offense.

The first goal of our action program is to pressure states which sponsor terrorism. An ugly fact of international life today is that some states provide terrorists with important resources—weapons, financing, passports, safe houses, training areas. In return, the terrorists commit violence that serves a government's interests but which can be denied by that government. We must expose the link between terrorists and their state sponsors and then break it.

The first state to feel the pressure of an American offensive against terrorism was Libya. You all know the story. For 5 years we tried to reason with Qadhafi. We used political, economic, and diplomatic pressures. But they were not enough. When the President had convincing evidence of Libyan involvement in the attack on the La Belle disco in Berlin—and a dozen other planned attacks on American diplomatic establishments abroad—he did what he had to do.

The American bombing raid on Libya opened a new chapter in the international fight against terrorism. It brought home to Qadhafi and other terrorists that the United States was not going to take it anymore. We would use military action against terrorism if necessary. The European allies, initially a little reluctant, very quickly followed with political, diplomatic, and economic measures against Libya. In this regard, the work of the Trevi Group of European ministers has been invaluable. I look forward to the day—unfortunately not here yet—when Libya is out of that business altogether.

Libya is not the only state supporting terrorism. In late 1986, courts in London and Berlin found Syrian complicity in terrorist attacks in those cities. The United States joined with Great Britain in an international campaign to convince Syria to reduce its connections with terrorist groups. These measures also produced results. In June of last year, Syria finally expelled the notorious Abu Nidal group from Syrian territory. Even so, because of its relationship to other terrorist organizations, Syria remains on our list of terror-supporting states.

Iran, too, is a key supporter of terrorism. Terrorism has been a hallmark of its policy ever since Ayatollah Khomeini came to power 9 years ago. Iran has been responsible for attacks on U.S. targets, on French and British interests, and on moderate Arabs. Our government has imposed a series of tight sanctions on Iran and encourages other governments to do the same.

Following North Korea's clear culpability in the bombing of South Korean airliner number 858, last month

the United States officially designated North Korea a terrorist-supporting state. Realistically, the United States has little leverage it can use directly against North Korea. But other governments have more leverage. We have indicated that we want their help in persuading North Korea that such tactics will not succeed.

I am never reluctant to raise the issue of terrorism with governments who may be involved and who want better relations with us. Recently, we were able to wage a diplomatic campaign that seriously disrupted the commercial network supporting the Abu Nidal terrorists in Eastern Europe.

A second goal of our program to take the offensive is to streamline international legal procedures and promote closer cooperation among law enforcement agencies. We are making headway here. The State Department has worked successfully to change extradition treaties with Britain, the Federal Republic of Germany, Belgium, Canada, and Spain. Terrorists should not be able to escape justice by availing themselves of legal protection intended for refugees seeking political asylum.

At long last, thanks to good police work and including international cooperation, we are bringing the terrorists to justice.

- In Britain, Nezar Hindawi is serving a life sentence for his attempt to destroy an El Al airliner.
- In France, Georges Ibrahim Abdallah is serving a life sentence for his part in the assassinations of an American military attache and an Israeli diplomat and the attempted assassination of the American charge d'affaires.
- In Italy, the *Achille Lauro* hijackers have been tried and convicted.
- In the United States, Fawaz Younis faces trial on charges that he held American citizens hostage as he led the hijacking of a Royal Jordanian Airlines flight in Beirut.
- In the Federal Republic of Germany, one Hamadi brother is on trial for kidnapping a German businessman and the other is expected to go on trial shortly for the hijacking of TWA 847.

This is just a sampling. Over the past 2 years, another 40 significant terrorists were arrested or convicted. Many of these cases are important for another reason. The prosecutions have been undertaken by countries whose interests were not the primary targets of the terrorists. In every case, the prosecuting government has faced real or potential reprisal attacks from supporters of the terrorists. Yet, despite these threats, governments have gone forward with the rule of law.

It saddens me to report that the war against terrorism is still producing casualties. Just a few weeks ago, the Colombian Attorney General was struck down. He was murdered for doing his job, for trying to lift the curse of the drug cartels from his country and, for that matter, from our own. In their search for allies to overthrow Colombia's democracy, the political terrorists and the drug terrorists have made common cause. Every free institution has been attacked. Two newspaper editors, 21 judges, and a minister of justice are among the dead in this struggle.

We are going to redouble our efforts to help our fellow democracy, Colombia, in this hour of crisis and pain. And we are going to win.

### A Successful Strategy Against Terrorism

Some 4 years ago, I delivered another speech on terrorism. At that time, I expressed my fear that moral confusion and our instinct for finding fault with ourselves would paralyze us in the face of this insidious threat. Since then, much has happened. But I believe that we have all emerged from our experiences with a firm set of convictions about terrorism. We are clearer today both about the danger and about ourselves. Above all, the American peopl understand more clearly the risks, es pecially the risks of dealing with host age situations.

The policy I have described is the result of those experiences, the good ones and the bad ones. It builds upon the enduring foundations of a success strategy against terrorism: a strategy that applies cool reason to the proble a strategy that finds the hard facts; a strategy that combines defense and o fense to raise the costs and reduce th rewards to terrorists; finally, a strate that does not flinch from pressuring governments that support terrorists.

What we know about terrorists a terrorism indicates that there are no instant remedies or easy ways out. W face a long and hard struggle against this modern barbarism. It will take o skill and our strength, our will and o wisdom, our patience and our perseverance to prevail. But prevail we must. I am convinced that if the Ame can people and our allies support our policy, we will succeed. Terrorism wil ebb. And humanity will be served.

[1]Press release 18 of Feb. 16, 1988. ■

# Managing the U.S.-Soviet Relationship

*Secretary Shultz's address before the Henry M. Jackson School of International Studies in Seattle on February 5, 1988.*[1]

Our relationship with the Soviet Union has preoccupied American foreign policy for nearly half a century. Few public figures in the postwar world have done so much as Scoop Jackson to shape American thinking about that relationship. So I was pleased and honored to be invited here by the Henry M. Jackson School of International Studies.

Scoop Jackson believed passionately in democracy and saw clearly the threat that totalitarianism posed to it. He argued that the Soviet challenge came in many forms and that there was a close relationship among all the Soviet policies and actions that gave us concern, from the Soviet Union's accumulation of military power, to its projection of that power outside its borders, to its denial of the individual's fundamental rights and freedoms. He fought with great energy and skill to marshal the will and resources of the Western democracies to protect their freedom and advance their vision of a peaceful and just world.

Scoop Jackson believed that the West must be realistic about the Sovi Union. He had faith in the West's abi ity to muster the strength to deal wit that reality. He saw that if we maintained both our strength and our real ism and dealt forthrightly with East-West differences, we might ultimately shape the conditions for a new Soviet-American relationship that would secure both peace and freedom.

This vision of the problem and th solution has stood up well. America h restored its strength and stayed realistic. This, in turn, has had a remarkable impact on the pace, scope, and productivity of U.S.-Soviet relations.

### Features of Global Change

The change in the tempo of U.S.-Sovi relations is also occurring as part of a larger transformation of our world. T

s sometimes are subtle, some-
dramatic. The U.S.-Soviet rela-
p both influences and is deeply
d by these changes.
e emerging features of global
are evident all around us:

The rapidity both of technological
ion and the means to distribute
chnology on a global scale; scien-
conomic, and political matters
w global in dimension;
Increasing economic interdepen-
combined with the appearance of
nters of economic wealth, partic-
in Asia;
The dispersion of political power,
gh key elements of the bipolar,
r world endure; and
The common thread in all these
s: the imperative of knowledge—
covery, its transmission as infor-
, and the education needed to
The speed of human transactions
lerating. Openness and communi-
are key to the creation and mas-
change.

e net result is a strong and en-
ing trend toward democracy,
ess, and freedom, both within
nong nations. The countries that
vancing economically, socially,
litically these days are those
have adopted greater freedom in
arketplace and in their political
itions. In a world where informa-
nd innovation are the engines of
nity, societies that suppress inno-
and imprison information are
farther and farther behind.
he changes now taking place in
mmunist world are, in this sense,
ndly reactive, a halting and anx-
ttempt to catch up to the dyna-
and creativity of the West. We
much of "new thinking" these
We should be clear what it repre-
. It is an effort to come to grips
the reality of a world being shaped
y the Soviet Union and its allies
y the community of free nations
he force of freedom.
One consequence of this change is a
hope for an eventual end to the
experiment with totalitarianism
for most of the 20th century, has
ed mankind's hopes for a human
unity based on peace and free-
But that experiment is still with
d must be dealt with. This means
the American-Soviet relationship
remain a central U.S. concern for
des to come.
The question we confront is
her we can fashion a U.S.-Soviet
ionship that permits both of us to
te our energies less to confronting one another and more to mastering the challenges of global change, both in our countries and as important powers in a complex international environment.

The world which emerged after World War II was a bipolar world. The gravitational pull exerted by the concentration of economic and military power in two such different systems as those of the United States and Soviet Union was enormous. The principal limitation on the actions of the two former allies was the power of the other.

Restraining the abuse of Soviet military power was the focal point of U.S. foreign policy after 1945. Containment sought to deal with the problem directly and led to the establishment of NATO and a global system of alliance relationships. U.S. efforts to revive the world economic system helped deny Moscow options for expansion.

But the bipolar world which emerged in the postwar era has been steadily eroded by accelerating changes on a global scale—changes which have widely dispersed political, economic, and military power. The rigidly centralized Soviet system, with its insistence on maintaining a monopoly on information, was incompatible with many of the most important trends.

Nevertheless, until quite recently, the Soviet Union largely blinded itself to the significance of these trends. Soviet achievement of strategic parity and improvements in living standards over the immediate postwar era, coupled with perceptions of U.S. weakness after our withdrawal from Vietnam, temporarily masked the Soviet Union's growing systemic problems and irrelevance as a model for the developing world.

Thus, Soviet leaders talked of a shift in the "correlation of forces" and moved aggressively at home and abroad.

- The Soviets continued to place an excessive emphasis on military strength, with a military buildup which showed no signs of abating even after the achievement of strategic parity and which appeared designed for Soviet expansion at the expense of the security of other nations.
- Moscow continued to rely on force—or the provision of the means of force—to extend its influence abroad. This tendency reached its height, but by no means its end, with the 1979 invasion of Afghanistan.
- Repression of dissidence at home reached a post-Stalin peak in the final years of the Brezhnev leadership, in contravention of solemn Soviet international undertakings, and despite the growing trend toward democracy and openness throughout the world.

By the late 1970s, however, Soviet practices began to confront changing realities. Even the Soviets now describe this period as one of stagnation and misdirection.

The United States, for its part, initially attempted to preserve a one-dimensional detente which had not served as a brake on Soviet unilateralism. But after this period of hesitation, America responded.

In electing Ronald Reagan, Americans in 1980 served notice that they were prepared to do what was necessary to contain Soviet expansionism, albeit in a world greatly different from that which emerged from the ashes of the Second World War.

### President Reagan's Three-Tracked Strategy

From his earliest days, President Reagan has pursued a three-tracked strategy. Of critical importance was the restoration of American strength—modernizing our armed forces, rebuilding the confidence and unity of our alliances, strengthening our economy, encouraging the growth of democracy and freedom throughout the world. Western firmness and vigilance were necessary then, are so now, and must continue.

We sought to bring America's restored strength to bear in accordance with a realistic appraisal of the nature of Soviet society and its policies. Rather than focus only on the weapons buildup that is a symptom of the East-West conflict, the Administration sought to confront the full range of issues which affected the relationship. Thus:

- Rather than satisfying ourselves with half-steps on arms control, we set out to achieve agreements which would actually reduce arsenals, enhance security, and be effectively verifiable;
- Rather than rail ineffectually against intervention by Soviet forces and Soviet clients in the developing world, we worked with those prepared to defend their freedom to demonstrate that the price of adventurism was high and lasting;
- Rather than treat human rights as an embarassing afterthought, we recognized that these issues are a permanent and positive component of international relations that is central both to our vision of the world and to our

security. We have made them an integral part of the dialogue, one that takes genuine pride of place in discussions at all levels; and

• Rather than treating bilateral relations as inducements or rewards for Soviet moves in other areas, we have established high standards of reciprocity of benefit in exchanges.

Our emphasis on strength and realism did not preclude dialogue with Moscow. Indeed, we sought to make that dialogue productive in bringing the Soviet Union to understand the importance of changes in its approach to issues in which the United States—and the world—had a legitimate interest. We have insisted that the dialogue cover the full range of interests, from arms control and regional issues to human rights and bilateral affairs, and we have sharply defined American objectives in each of these areas.

We have stressed that all of the broad areas of this agenda are closely related, in the conviction that a stable and constructive U.S.-Soviet relationship can be achieved and sustained only if Moscow is willing to take concrete steps to resolve critical problems. The Soviets seem, increasingly, to understand that reality.

While the interrelationships among the areas are strong and inescapable, we have also maintained flexibility in how we pursue our interests in each. We do not accept the assumption that linkages can be applied indiscriminately, however tempting it might be to try linkage when there is progress in some areas but not in others.

Clearly, we recognize that exceptional circumstances may arise where progress in one area must be made contingent on another, especially in the face of Soviet actions which undermine the foundation of a stable peace. Yet it is impossible to see how we might expect to get anywhere with a policy which dictates that nothing can be solved until everything is solved. The U.S.-Soviet relationship is too difficult and complex to make that a practical option.

The flaws of indiscriminate linkage as an instrument of policy have been demonstrated over the years. As a policy, it deprives us of the opportunity to pursue realistic agreements that serve Western interests. It yields the initiative to the Soviets to set the pace and scope of relations with us and with our allies. It disrupts the consistency and discipline that are essential for successful Western pursuit of a long-term strategy for a more peaceful and democratic world.

And most important, linkage as practiced in the past has not worked. If, for example, the Soviet Union leaves Afghanistan, it will not do so because the United States imposed a grain embargo or withholds arms reduction agreements that make sense for Western security. Rather, the Soviets will return the fate of Afghanistan back to the Afghan people because the Afghans have struggled with courage and determination and because the world community, led by the United States, ultimately has responded where it matters—directly on the ground, with material and political support.

Despite such outrages as the Soviet downing of a Korean airliner in 1983 or Soviet espionage against our embassy in Moscow, President Reagan persevered in our agenda, keeping our arms control negotiators in Geneva and our high-level dialogue with Moscow on track. One result is the INF Treaty, which fulfills our negotiating objectives and will make an impressive contribution to U.S. and allied security.

Rather than break contact, we have tailored our responses to the issue at hand. For instance, after the downing of KAL [Korean Air Lines] 007, we suspended Soviet Aeroflot service to the United States, even as our arms control negotiators returned to Geneva. We sought new procedures to ensure that a similar tragedy would not recur. We achieved solid results: an improved civil aviation agreement that guarantees equal benefits for the American carrier and an agreement on civil air safety in the North Pacific that benefits everyone flying to Japan and Korea.

Thus, our approach is to recognize the interrelationship of our interests in arms reductions, human rights, regional affairs, and bilateral relations and to work toward a global environment in which real, measurable progress is attainable in all. When we have reached agreements that further our interests, we have signed them, while pressing forward with unfinished business. This, in turn, has imparted a consistency and reliability to American foreign policy that have contributed to the confidence of our friends and allies, created strong incentives for the Soviet Union to negotiate realistically, and have produced concrete agreements that enhance Western security.

**Building a More Constructive Relationship**

By the end of the President's first term, the United States and the W had begun to shape new conditions Even before Mikhail Gorbachev be General Secretary, the Soviet Uni had begun to respond. Having fail threat and boycott to force the We negotiate arms control on Soviet t the Soviets returned to the bargai table at the nuclear and space talk 1985. Within the Soviet Union itse the realities of a resurgent, self-confident United States, of a turn democracy and free enterprise thr out the developing world, of the in ability of Soviet client regimes to consolidate their hold on power, a a rising chorus of international co nation of Soviet human rights pra had created a crisis of confidence.

Increasingly, Soviet citizens— ultimately, their leaders—came to ize that the Soviet system was no longer working and that the Sovie Union risked falling further behin The process of coming to terms wi present-day realities accelerated o General Secretary Gorbachev cam power.

And in terms of concrete resu across the broad agenda the Reag Administration had been pursuing the record has grown increasingly impressive.

• The Soviet Union has accep our realistic and comprehensive fr work for dealing in practical ways the issues that divide East and W By encompassing the full range of sues in U.S.-Soviet relations, this framework has given structure an rection—an agenda—to our dialog Clearly, dialogue by itself is not enough. What counts is a change i Soviet conduct. But establishing t framework was an important step ward the progress that has followe

• We have concluded the INF Treaty, which is remarkable both i goal of eliminating an entire class U.S. and Soviet missiles and for it precedented verification measures.

• We have made important str toward conclusion of a treaty that would cut in half the U.S. and Sov strategic nuclear arsenals.

• We have improved governme to-government communications by grading the Hot Line and through agreement to establish Nuclear Ri Reduction Centers in Washington Moscow.

We have seen some modest prog- n human rights and humanitarian e and we have established regular ges of views on regional con- subjects which the Soviets ismissed as off limits or of sec- ar importance to arms control.

We have breathed new life into a m of bilateral cooperative pro- ranging from people-to-people ts among young people, to im- air service between the United and U.S.S.R., to scientific, cul- and educational exchanges. These ms help lower the artificial bar- he Soviets have long maintained n enrich both countries.

his is a hopeful beginning to a nd purposeful effort to establish a attern of more constructive ns.

is much in vogue now—perhaps I say in "Time"—to attribute to chev the credit for this progress. y, the Soviet Union contributed, e welcome that. As President n once said, "it takes two to " Both sides benefit from this ss, as they must if it is to endure. e watching with great interest the experiment with "openness" and ucturing" and hope these evolving pts result in changes which ad- American concerns. We already me evidence that they might.

et the truth is that the agree- s that have been reached recently he prospects for future progress unded in American "new think- nd innovation, both in our broad gy and in our solutions to specific ems.

All of the agreements I just men- d stem from American initiatives deas. And there are more, such as cuts in strategic nuclear arms, the ects for negotiated solutions to re- al conflicts, and changes in Soviet n rights practices, that have d Western interests well.

Moreover, the process now under- in U.S.-Soviet relations has rred because it enjoys the broad ort of the American people. For irst time in years, American policy rd the Soviet Union enjoys a g domestic consensus. If this ensus can be maintained—and it ld be—American policy toward the et Union will be bolstered by an st unprecedented continuity and ility and will continue to be dy- ic and creative in pursuing real tions to problems.

A better relationship between the United States and the U.S.S.R. may, indeed, be possible. Such a relationship would be marked by the candor to recognize our differences, the initiative to solve them where we can, and the ability to manage our differences peacefully where competition endures, as surely it will. During one of his visits to Washington last fall, Foreign Minister Shevardnadze may have been thinking along these same lines. He made a point which left a strong impression on me.

He noted that over the past several years, the United States and the Soviet Union had taken a remarkable number of steps in various areas. We had reached a point, he concluded, where our quantitative progress had created the possibility of a qualitative change in the nature of the relationship. We seemed to be moving, he said, toward a more normal relationship.

I have since thought a lot about the Foreign Minister's words, and I have decided that I both disagree and agree.

I find it difficult to believe that our relations with the Soviet Union will ever be "normal" in the sense that we have normal relations with most other countries. There are only two superpowers in the world. We are vastly different in the ways we view the role of the individual in our societies and in the ways we relate to other countries. The relationship between us will always be unique. It seems unlikely that the U.S.-Soviet relationship will ever lose what always has been and is today a strongly wary and at times adversarial element.

Nor do I think that the accumulation of individual agreements or cooperative arrangements will, by itself, result in a quantum leap to a qualitatively different kind of relationship. The differences between us and the suspicions they generate are too deep. Experience has proved that agreements alone cannot bridge such a divide.

But I believe there is a sense in which the Foreign Minister was right. The case can be made that we are near a threshold of a sustainable U.S.-Soviet relationship. On the U.S. side, there is, for the first time in many years, a strong consensus on how we should deal with the Soviet Union. On the Soviet side, there may be—for the first time ever and as a result of necessity—a willingness to reexamine Soviet security and other interests in ways that are closer to international norms.

One often hears the question: "Does the United States want reform in the Soviet Union to succeed or fail?" I believe that posing the question in that way misses the point. We have worked long to put in place a policy that is both flexible and resilient enough to adapt to changing circumstances and to expand cooperation whenever the Soviets are ready to reach realistic agreements. In short, we are well positioned to deal with the best and worst of Soviet behavior.

As interesting as the changes now taking place in the Soviet Union may be, ***our*** concern must be with the way these changes affect, in concrete terms, the interests embodied in our broad agenda. We must deal with the Soviet Union as it is, not as we wish it to be. The Soviet system is just beginning an attempt at economic reform. It has barely scratched the surface of structural political reform. We have not seen changes that suggest the Soviet Union has altered its historical objective of altering the international system to its advantage.

Thus, we should welcome change in the Soviet Union—and wish the Soviet people well—precisely to the extent that the Soviet effort at modernization squares with American hopes for a safer world and a more productive U.S.-Soviet relationship. We are convinced, moreover, that progress in the areas of greatest interest to the United States and the world would also serve best the people of the Soviet Union.

### Future Goals in U.S.-Soviet Relations

What, realistically, can we expect in U.S.-Soviet relations during a period of change within the Soviet Union and on a global basis? Our ultimate goal has not changed—a Soviet Union which deals with other countries and with its own people through dialogue rather than intimidation. This would be a sweeping change, one which would reverse much of this century's international politics. That destination is distant, and getting there will confront us with many ambiguities about the scope, durability, and meaning of change in the Soviet Union and in the international environment.

Thus, it would be mistaken and unrealistic to expect to replace, in the foreseeable future, the international security system. Our security, freedom, and prosperity will continue to rest on nuclear deterrence, on our system of alliances, on our efforts to expand and strengthen democracy and a free international economy, and, above all, on our own strength and will to defend our interests and values.

We can, however, work at building a relationship with the Soviet Union that, while remaining competitive, also is less dangerous. Measured progress across our four-part agenda with the Soviet Union provides a blueprint to this end, a framework for steps that will strengthen international stability and foster the conditions for future progress.

These near-term goals are attainable over the coming months and years if we, as a nation, pursue them patiently, steadily, and seriously and if the Soviet Union works with equal dedication to modernizing its relationship with the rest of the world. Achieving these goals would go far toward correcting the Soviet excesses of the last decade or so.

On the military side, our objective over the next few years is to deal with the consequences of the massive Soviet military buildup since the mid-1970s. This will require a continued, strong effort by the United States and our allies to modernize and strengthen conventional and nuclear deterrence. A robust defense budget—as well as strong security and economic assistance—are crucial if we are to continue to foreclose Moscow's other options. At the same time, we see greater opportunities than ever before to achieve balanced, effective, verifiable arms control agreements that would redress existing imbalances and impart greater stability and predictability to the military aspects of the U.S.-Soviet relationship.

• The INF Treaty would eliminate entirely an important element of the Soviet military buildup of the 1970s—the deployment of the SS–20 missile as well as the older SS–4 missiles and the threat posed by the Soviets' shorter range INF missiles. Ratification and full implementation of the treaty will contribute substantially to Western security.

• The next step is a verifiable treaty which cuts U.S. and Soviet strategic offensive arms in half and establishes a stable strategic nuclear balance. We will work hard to complete a treaty by the time President Reagan goes to Moscow this year. The Soviet Union has pledged a similar effort. Many of the critical elements for such a treaty are already in sight, but much remains to be done, particularly in the area of verification. Completing a treaty in the next few months will depend greatly on Soviet willingness to work cooperatively and creatively with us to solve these complex problems.

• We also will continue a vigorous SDI [Strategic Defense Initiative] program to see whether strategic stability might rest increasingly on defense-based deterrence rather than exclusively on the threat of nuclear retaliation. This program is essential, both because of Soviet strategic defense programs and because it may establish a basis in the future for a safer way to secure international peace.

• We and our allies will persevere in efforts to achieve greater stability and openness regarding conventional military forces in Europe; to achieve a truly global and verifiable ban on chemical weapons; to prevent the proliferation of nuclear weapons; and to seek realistic, step-by-step progress on nuclear testing, beginning with needed verification improvements to the existing limitations in the Threshold Test Ban and Peaceful Nuclear Explosions Treaties.

We will continue to insist on concrete Soviet steps toward the freer flow of information, people, and ideas set out in the 1975 Helsinki Final Act and the follow-on documents of the Helsinki process. Without detracting from the positive steps that have been taken in recent months, we will not shrink from insisting that those families who remain divided be allowed to join their loved ones, that those who wish to emigrate be let go, that religious believers be allowed to practice their religion, and that their rights be guaranteed by appropriate institutional safeguards.

To Americans, the human rights issue will only be resolved when old abuses are cured and new ones cease to emerge. Given the nature of the Soviet system, that situation may be years off, but there can and must be steady progress toward it. Further, as the President stated in his Berlin initiative last June, one place we will look for a real change of policy is in Eastern Europe.

On regional affairs, we cannot assume that the Soviet Union has abandoned its traditional inclination to extend its political writ and cast its military shadow over other regions of the world. Thus, the United States must be prepared to support those who are willing to fight for their freedom and self-determination. If, however, the Soviet Union is willing to rethink past positions, we will lend our hand to efforts to bring peace and national reconciliation to regions now torn by conflict.

• On the pivotal question of Afghanistan, the Soviets have prof to recognize the importance of a prompt withdrawal of Soviet force of the need to allow the Afghan pe determine their own fate. We look the Soviet leaders to act on this re nition and to put forward promptly plan for the rapid, complete, and i versible removal of Soviet forces b end of this year.

• Similarly, we will press the viet Union to contribute concretel efforts to bring negotiated politica lutions to other regions of the wor where Soviet clients are fighting t own people and their neighbors.

On the bilateral side of the re tionship, we have already put in pl framework of agreements which s concrete U.S. interests—on civil a tion, on space cooperation, and on change activities in the cultural a scientific fields. At the Washingto summit, the President and the Ge Secretary identified additional are where the two sides have much to tribute to each other. Some of the involve potentially valuable activit deal with changes in our world—f stance, bilateral and multilateral to study the consequences of chan the global climate and environme explore the prospects for nuclear as an unlimited source of energy, harness the potential of such area increasing importance as the Arct

### Realizing Our Objectives

What can we do to maximize our chances of realizing these objectiv Our principal job is to continue sh conditions that will affect Soviet b ior. Western strength and vigilanc key to this. If we do our job at sh those conditions, the overall fram which we already put in place can tinue to be an important means to goals. It is more important than e that both sides share a certain con approach if we are to create the k qualitatively different relationship seek.

During General Secretary Gor bachev's visit to Washington, I sha with him, in the form of a luncheo toast, a set of guidelines which mi apply to both sides as we build on accomplishments thus far. They ar worth repeating.

• First, the U.S.-Soviet relationship is as important as it is un It is important because we each b

mense burden of leadership in the . It is unique because the nuclear emands that we engage each despite our profound differences. eneral Secretary Gorbachev said book, "There is no getting away each other."

Second, our relationship will con- to be a difficult one to manage. ve contrasting philosophies, polit- ystems, and national interests. asic values and systems and inter- vill persist, even as the necessity rk together increases.

Third, we must be realistic, ng extremes of either hostility or ria, through the ups and downs of lations. The best approach to g with one another is to be down- th, pragmatic, and businesslike in g to solve concrete problems.

Fourth, we must speak with clar- d candor to one another about our ences. This is why we have always sed to the Soviets the fundamental tance we attach to human rights, forth in the Universal Declara- nd the Helsinki Final Act. As the pean Community heads of gov- ent stated December 5: "respect man rights and freedom is a pre- site for confidence, understanding, ooperation." We have spoken with r about regional issues, as well. Soviets have not hesitated to speak mind to us. And we have made progress. As President Reagan aid, we owe each other the tribute ndor, and candor will help us get sts.

Fifth, we must look to the future ut neglecting the lessons of the Too often, we face the past and into the future. In 5–10 years, our d will be vastly different from the ve know today and from the post- world of the past 40 years, which conditioned so much of our ing.

This leads to a sixth point: the gnition that openness to ideas, in- ation, and contacts is the key to e success. The conceptual break- ghs embodied in the INF Treaty's isions for verification and onsite in- tion are but one example of the erful pull which openness is already ting in a key area of U.S.-Soviet ions.

I concluded my toast by urging the United States and the Soviet n seek steady progress toward a e open, more predictable, more sta- and constructive relationship. In this time of change, I argued, new patterns of interaction also offer new opportunities for cooperation and progress, and we should grasp those opportunities.

The General Secretary did not say whether or not he agreed with me. But I am convinced, and experience has shown, that an approach which is less realistic, an approach which is less flexible, an approach which is less forward-looking, will be inadequate to the task.

I am also convinced that, for our part, Americans can approach the challenges and opportunities posed by the current moment in U.S.-Soviet relations with the same leadership, confidence, and innovation that have characterized our national approach to change in other areas, from politics to technology.

Americans are not afraid of change or new thinking—in the Soviet Union or anywhere else. Two hundred years ago, we enshrined the concept of new thinking in our national life, and we have lived by it since. We have thrived precisely because we have challenged and questioned and have not shied away from change but have thirsted for it. We have, as Scoop Jackson advocated, been forthright about both the challenges we confront and about the changing environment in which they play out. We have been strong in dealing with the challenges—and always, we have tried to make things better, to advance the American vision of a more democratic, more peaceful, and more prosperous world.

Today, we recognize that a potentially important experiment is getting underway in the Soviet Union. It suggests the possibility of a far more satisfactory U.S.-Soviet relationship than we have known in the postwar era, a relationship which could be a constructive element in a changing world.

Americans are willing to work with dedication and creativity to fashion such a relationship. It is a goal which is achievable if the Soviet leadership is willing to join us in making change for the better a permanent reality.

[1]Press release 14 of Feb. 8, 1988. Question-and-answer session not printed here. ■

# America's Foreign Policy Agenda in 1988

*Secretary Shultz's statement before the House Foreign Affairs Committee on February 2, 1988.*[1]

I welcome this opportunity to share with you my thoughts on America's foreign affairs agenda for the new calendar and fiscal years (FY). This is the sixth time we have met for this purpose, and the budget you will soon be considering will provide the resources and lay the groundwork as the next Administration implants its foreign policy initiatives.

### Progress in Foreign Policy

America's broad foreign policy interests and objectives are as old as our nation itself: promoting domestic prosperity; protecting the safety of our nation against aggression or subversion; combatting those activities which would undermine the rule of law and domestic stability; furthering our democratic values and the cause of human rights.

As we review these foreign policy interests and objectives and measure the progress the President has made toward their achievement, we can see that this Administration has developed an impressive legacy. These achievements would not have been possible had the President not understood from the outset that America's democratic values, economic vitality, and military strength are the keys to success.

In 1987, we made significant progress on the President's foreign policy agenda. When President Reagan signed the INF [intermediate-range nuclear forces] agreement with General Secretary Gorbachev in December, he fulfilled a major arms control objective of the NATO alliance and realized the goal he set in 1981 when he first presented the zero option. And we continued our high-level dialogue with the Soviets on our key concerns of human rights, regional, and bilateral matters. The President has laid the groundwork for a more stable and constructive U.S.-Soviet relationship based on strength, realism, and dialogue.

Throughout the world, democracy continued to take root and grow on an impressive scale, and the United States has encouraged the vital process of democratic institution-building. In the Philippines, we have supported the Aquino government in its efforts to consolidate its achievement of democracy by promoting economic recovery and helping to defeat the communist insurgency. In Korea, the elections clearly demonstrated the depth of democratic feeling within Korean society and the determination of the new leadership to establish a solid base for democratic processes in government. An interim civilian government has been restored in Fiji that has committed itself to producing a new constitution and returning the nation to parliamentary democracy. In Argentina, in Brazil, and throughout Latin America, we have worked hand in hand with new democratic forces. In Central America, the Guatemala agreement would not have been possible had the United States not combined diplomatic perseverance and military strength in behalf of democracy.

In Afghanistan, Angola, Cambodia, and Nicaragua, our determined support for those fighting for their freedom has forced our adversaries to understand that expansionism and aggression are costly and that alien and repressive regimes will be challenged.

With the reinforcing strengths of power and diplomacy, we have managed difficult crisis situations in the Middle East and elsewhere. In the strategic area of the Persian Gulf, our reflagging policy is protecting basic U.S. interests while we are leading the way in the UN Security Council to help end the Iran-Iraq conflict. This approach has been successful in preserving the security and stability of friendly states and averting the spread of Soviet influence in the gulf. At the same time, it has ensured the free flow of oil through the Strait of Hormuz. Allies have followed our lead (France, Britain, Italy, the Netherlands, and Belgium).

We are more determined than ever to continue helping countries eradicate narcotic crops and interdict drug shipments through our international narcotics program, and we are educating our own public and others about the dangers of narcotics. At least 20 countries eradicated narcotics crops in 1987. Worldwide interest and broader support from our allies was generated by the very successful UN conference on drug abuse and trafficking last June. The National Drug Policy Board is completing work on a new national strategy, including a strengthened international program in which we are emphasizing chemical destruction of coca plants.

We are severely challenged by the scourge of international drug trafficking—not only by the sheer volume of narcotics production but by the combined assault of drug traffickers and insurgents on the governments whose cooperation is vital to our success in combatting this menace. Only last week, the Government of Colombia once again paid the price of narcotics control when traffickers murdered their attorney general. Make no mistake; this is a long-term effort.

We must remain determined and vigilant as well with respect to the modern-day barbarity of terrorism. I can report today, however, that our counterterrorism policy is bringing results. We have developed a better understanding of terrorist methods. We have improved our counterintelligence and cooperation with other concerned governments. We have strengthened security measures to protect our citizens at home and abroad. And we have gone on the offensive to bring terrorists to justice, disrupt their operations, and destroy their networks. The statistics are good. American casualties and attacks against U.S. interests are dramatically down. Our gains are wide ranging—from improved operational structures at home to closer allied coordination overseas.

### The Agenda for 1988

So 1987 was a year of important advances; 1988 promises to be even busier, with an exceptionally full foreign policy agenda. Much of our agenda will involve building on the initiatives for peace, security, prosperity, and democracy that the President has made over the past 7 years.

**U.S.-Soviet Relations and Arms Control.** One major priority will be pressing ahead on the START [strategic arms reduction talks] negotiations and the other elements of the President's four-part agenda for U.S.-Soviet relations in anticipation of the Moscow summit. If the Soviets are prepared to match the effort we are making, we may be able to take a giant step in arms reduction this year and reach a verifiable agreement to enhance stability by cutting strategic nuclear weapons by 50%. The Soviets know we will stand firm on SDI [Strategic Defense Initiative].

We hope to consolidate the ma success of 1987 by gaining Senate a vice and consent to ratification of t INF Treaty. We will move forward our allies to modernize our convent and nuclear forces on the basis of p grams established well before the I Treaty. We will strive for additiona progress in arms control according NATO's agreed priorities—above al eliminating conventional disparities Europe and achieving a truly verifi global ban on chemical weapons.

But important as it is, arms co is not and will not be our only prio with the Soviet Union; we will cont vigorously to pursue questions of h man rights, both individual cases a broader concerns of principle whic enshrined in the Helsinki Final Ac other international human rights i struments. And, from now on, lead up to the next summit in Moscow, eign Minister Shevardnadze and I meet on a regular basis to discuss full range of our concerns.

**Central American Peace Pro** One of the most serious matters th 100th Congress will have to decide how to continue our support for th democratic resistance forces fightin Nicaragua. If the Central America mocracies are to succeed in induci the Sandinistas to comply with the Guatemala agreement, our support democracy must remain a certainty an unknown variable in the region equation.

In Central America today, the peratives of human rights, free ele tions, and economic development a receiving the kind of attention that U.S. policymakers once reserved t more traditional concerns of diplon and national security. U.S. policy i pressing our national conviction th democracy is the only lasting foun tion for peace and prosperity—for neighbors as well as for ourselves. for the Nicaraguan resistance is or reason this broad regional strategy working.

Ten years ago, Costa Rica was region's only civilian-led democracy day, the military dictators who rul the other four countries are all gor Three of the countries are moving in Costa Rica's direction, with increasingly open societies and with ian presidents chosen in competitiv elections. In the last 2 weeks, the rulers of the fifth country, Nicarag Sandinistas, have begun to tell eve one that they, too, are going to ope and respect democratic principles.

A democratic Nicaragua would be news, indeed, for the United s. But a new RAND Corporation y concludes that today Nicaragua is on the way to becoming a Soviet e., particularly in military matters. t and indirect Soviet military use Icaraguan territory, the RAND y makes clear, can be expected in uture. A democratic Nicaragua d not provide basing options to the et Union in our immediate borhood.

A democratic Nicaragua would also ood news for Nicarguans. Another study, this one by my own depart- e., reveals that popular opposition to Sandinistas is closely linked to the l of basic freedoms. Last week, I the exiled directors of the Nic- uan resistance. Ten years ago, e of them were jailed by Somoza. t years ago, one was a member of ost-Somoza governing junta, one the junta's secretary, one was a rter for *La Prensa*, and three political leaders preparing their es for elections. Then the Sand- as signed a party-to-party agree- t with the Communist Party of the et Union, packed the Nicaraguan cil of State, and postponed elec- s for 5 years. A democratic Nic- ua would not drive leading citizens exile or hold nearly 10,000 political oners.

The problem is that the hard- led people who for 8 years have fully combined force and propa- la to monopolize Nicaragua's gov- nent will not suddenly open up to v democratic competition if our own estic politics make it impossible for o support freedom in Nicaragua. To inue the democratic processes now ally but broadly underway in Cen- America will require something of ryone. For the United States, a key uirement is that we provide enough port for Nicaraguan democrats to in to offset the military and security istance the Soviet bloc has invested he Sandinistas.

There is a great irony here. Our ate comes at a time when the Nic- guan resistance is demonstrating h indigenous support and opera- al skill and the Sandinistas are ng support. That is why the Sand- stas are working so hard to prevent s Congress from deciding in favor of tinued aid. If the Sandinistas get at they want—if Congress fails to prove our request for additional ds carefully tailored to progress in peace process—we can be certain that no meaningful progress in the direction of moderation and democracy in Nicaragua will occur.

There is a clear parallel between our efforts in Central America and our longstanding efforts to bring the Soviets to the negotiating table on meaningful nuclear arms reductions. We knew that we had to make clear to the Soviets by our actions, not just our words, that it was in their own interests to come to the table to negotiate. What was not possible in the 1970s became possible in 1987 because we are strong and our alliance is solid.

Eight years ago, in response to Soviet deployments of SS–20 intermediate-range missiles in Europe, which began in the late 1970s, NATO agreed upon a two-track strategy: deployment of Pershing II and ground-launched cruise missiles and U.S.-Soviet negotiations to establish a balance at the lowest possible level. In 1981, President Reagan proposed the "zero option" to eliminate all long-range INF missiles. We and our allies hung tough with our decision. We began deployments at the end of 1983, despite Soviet efforts at intimidation and their year-long walkout from negotiations. Our resolve brought the Soviets back to the table in early 1985. Building on this successful model, if we display the same resolve and strength in our strategic programs and at the negotiating table, there are real prospects for success in START.

During this long effort, there were those who argued that building up our military strength and deployment of our missiles was the cause of the problem, not its solution. Remember the "freeze movement." And remember how wrong it has turned out to be. I am happy that the American people and their elected representatives refused to listen and gave us the means to carry out our strategy. It worked. We have achieved a first step—the INF agreement—and we stand on the brink of even greater gains in the arms control and disarmament field.

In Central America, as in Europe and Afghanistan, we have put power behind our political and diplomatic objectives. We have made it possible for Central Americans willing to work for freedom to have the resources to do so. And as with INF and Afghanistan, our strategy is working. Support for the Nicaraguan resistance is today the element of power needed to induce the Sandinistas to comply with the terms of the Guatemala accord for peace and democracy.

Ninety percent of the funds in the Administration's request is for nonlethal aid, such as food, clothing, medicine, and the means to deliver it. Ten percent is for ammunition. And this part of the request will be suspended until March 31st to determine if the Sandinistas are truly complying with the promises they made in Guatemala in August and in San Jose last month, to take irreversible steps to democracy in Nicaragua. In reaching this judgment, the President has committed himself to consult personally the presidents of the four Central American democracies.

Last November and again last week, the President indicated that once serious negotiations between the Nicaraguan resistance and the Sandinista government are underway, he would consider having me enter regional talks in Central America with representatives of all five countries, including Nicaragua. I am prepared to do that when the conditions are right.

As Secretary of State, I am committed to diplomacy and to pursuing negotiations even in the face of the most daunting odds. As a practical man, I also know that negotiations are likely to be genuine only when both sides believe they have something to gain. The abandonment of the strategy and the people that have put the communists on the defensive—in Nicaragua and elsewhere in Central America, for the first time in a decade—will not induce continued progress. Continued progress toward democracy in Nicaragua and peace in Central America depends critically on continued U.S. support for the Nicaraguan resistance.

**Other Regional Conflicts.** Just as it has furthered the arms control and Central American peace processes, so the combination of diplomatic perseverance and political firmness has caused our adversaries in other areas to see that expansionism and aggression are costly.

Perseverance and firmness are the path to peace in Afghanistan as well. We will continue our support for Pakistan and will continue to press Moscow to withdraw its troops expeditiously. We must assure that the provisions of the Geneva accords regarding withdrawal are credible and verifiable and that they do not put the resistance at risk. When we are satisfied that the Soviets have fulfilled these conditions, the United States will be prepared to sign on as a guarantor to the Geneva agreements. The United States remains fully and firmly committed to the goals

that the Afghan people, their leaders on the battlefield, in Pakistan, and in exile have stated clearly and repeatedly: rapid departure of Soviet forces; genuine self-determination; neutrality; return of the refugees.

The recent turmoil in the West Bank and Gaza Strip demonstrates that the *status quo* in the Middle East peace process is not an option. The time has come to reinvigorate the process by showing Arabs and Israelis that negotiations can produce a better life for people in the occupied territories, ensure Israel's security and well-being, and point the way to a negotiated settlement of the conflict. We need to focus less on procedure than on substance, in order to show people that a negotiating process can meet their real concerns. We will be energetic in our consultations with leaders in both Israel and the Arab community as we seek to spur a new drive toward peace.

International efforts to bring an end to the Iran-Iraq war and stability to the Persian Gulf remain front-burner issues for us. We seek a comprehensive solution to hostilities on land, at sea, and in the air. UN Security Council Resolution 598 provides a reliable framework for ending the war without victor or vanquished. It is a balanced document, demanding action on the part of both combatants. Iraq has agreed to comply unequivocally with its terms; Iran steadfastly refuses to comply. The Security Council must move quickly to impose sanctions against the Tehran government as the noncompliant party to the resolution. We and several members of the Council are in near-daily consultation in an attempt to generate unanimity in the Council for an arms embargo against Iran. While we want Soviet cooperation in an embargo, we will continue to stand by the security commitments we have made to our friends in the region, and we will seek case-by-case assistance in staunching the flow of arms to Iran.

In East Asia, we will continue actively supporting all our allies. This includes assisting President Aquino in leading her nation in building democracy and accelerating economic growth as the Philippines contends with a virulent communist insurgency. We support ASEAN [Association of South East Asian Nations] and the Cambodian noncommunist resistance in their efforts to bring about a political solution to a Cambodian conflict. The solution must encompass a Vietnamese troop withdrawal from Cambodia and self-determination for the Cambodian people. The Republic of Korea can count on our full support as it seeks international condemnation of North Korea for its barbaric terrorist bombing of Korean Air Flight 858 last November. We will cooperate fully with the Republic of Korea as it strives to host the 1988 Olympics in a secure atmosphere.

And, in southern Africa, we are continuing our efforts to achieve a negotiated settlement involving withdrawal of all foreign military forces from Angola and Namibia and Namibian independence in accordance with UN Resolution 435. There have been several meetings with the Angolan leadership in recent months. At the last such meeting in Luanda just last week, the Angolans recognized that there would have to be a total withdrawal of Cuban forces from their country, rather than the partial withdrawal they had earlier proposed. Cuban representatives joined the talks briefly as members of the Angolan delegation to confirm this. This is an important development that holds out the promise of a settlement of the Angola/Namibia tangle. We now look to the Angolans to table concrete and realistic schedules for a phased withdrawal of Cuban forces, so that we can take this proposal to the South Africans.

Apartheid is at the heart of many of southern Africa's most serious problems. We seek a peaceful and rapid end to apartheid and to foster negotiations among all parties that will lead to the creation of a democratic society with equal rights for all South Africans. We remain firm in our belief that this can best be accomplished through a mix of diplomatic and political pressures on the one hand and a series of positive initiatives on the other, including strong support for U.S. programs designed to assist victims of apartheid and to empower black South Africans to achieve their own peaceful liberation. The United States will take every opportunity to contribute to national reconciliation among South Africans.

In the South Pacific, ANZUS [Security Treaty Between Australia, New Zealand, and the United States] continues to contribute to the collective strength and vigor of the Western system of defense alliances. In Australia, we have a key ally with whom this alliance remains intact and effective, despite our suspension of security guarantees to New Zealand.

Beyond our alliance relationships with Asian states, ties with China have reached a new level of maturity, and we will continue to work on issues that remain unresolved between our two countries. I will be meeting with Foreign Minister Wu in March to build upon possibilities for greater cooperation in bilateral matters and for U.S.-China cooperation in resolving pressing problems of international consequence.

**Global Issues.** In 1988, we must strengthen cooperative international efforts to deal with other issues of global impact.

In the economic field, we face major challenges at home and abroad which we must meet by a firm commitment to market-oriented policies. We must sustain our resistance to protectionism. As we have with the U.S.-Canada Free Trade Agreement and our far-reaching GATT [General Agreement on Tariffs and Trade] proposals, we must choose the path which opens markets and increases the material well-being of all trading nations. We look forward to expeditious ratification of the free trade agreement by the Senate.

The United States will actively pursue human rights issues related to these and other conflicts throughout the world at the appropriate forums of the United Nations. We intend to insure that greater attention is paid in UN bodies to the rights of individuals particularly the rights to free speech, freedom of association, religious liberty and other fundamental freedoms.

**Allied Cooperation and Improving Bilateral Relationships.** While working toward solution of the world's persistent problems, we must maintain and strengthen our alliance relationships, which are essential to our national security and the bedrock of our foreign policy. Allied solidarity over the past years has strengthened our defense posture and advanced the arms control process. On March 2–3, President Reagan will travel to Brussels for a summit with NATO leaders to discuss the post-INF security agenda and continue at the highest level the pattern of close allied consultation that has served us well.

Allied cooperation in controlling the export of strategic goods to Warsaw Pact countries has improved significantly in recent months. At a highly successful meeting in Versailles last week, we and our COCOM [Coordinating Committee for Multilateral Security Export Controls] partners reaffirmed our full political support for vigorous enforcement of strategic export controls and demonstrated that multinational operation is the most effective way to

otect against breaches in our mutual curity such as occurred in the shiba/Kongsberg case.

And the recent visit of Prime Min- er Takeshita underlined the funda- ental political and economic strength our relationship with Japan. The S.-Japan Treaty of Mutual Coopera- n and Security is the foundation on ich our relationship rests and is a nificant factor contributing to the se- rity of the Asia-Pacific region. With e Takeshita government, we will be rking to sustain international eco- mic growth by removing impediments trade, expanding access to markets, d opposing forces of protectionism.

In addition to our alliance rela- nships with NATO countries and pan, the United States enjoys simi- ly strong relations with other Asian d Pacific nations, most notably ailand, Korea, the Philippines, and istralia. The continued strength of e alliance between the United States d Thailand is symbolized by the re- nt establishment of the War Reserve ockpile, which will permit American litary supplies to be kept in Thailand r use in a nation-threatening emer- ncy. Our security relationship with e Republic of Korea, based on the utual Security Treaty of 1954 and sus- ined by the continued need to deter gression on the Korean Peninsula, re- ains strong and effective.

In the Philippines, we have unique litical, economic, and security inter- ts at stake. Our two countries have joyed a long history of close relations d share a democratic tradition—one hich will require ongoing U.S. sup- rt. Furthermore, U.S. facilities at ubic Naval Base and Clark Air Base rotect bilateral and multilateral se- rity interests.

The global economy is in a period profound change. New technologies nd the Information Revolution promise e opportunity for unprecedented eco- omic progress for developed and devel- ping countries alike. America and ther open societies are well positioned make the most of the changes now nderway. But first we must address he contemporary global economic im- alances which could threaten our right future. We will work to promote olicies that help enable markets to alance international trading patterns, tabilize financial flows, and avoid harp setbacks to stable economic rowth and freer trade.

We must also continue to support he economic and social development of friends and allies in Latin America, Africa, Asia, and the Middle East. The tools at our disposal for this purpose include bilateral financial and technical assistance, training, and active support for the important work of multilateral institutions such as the World Bank, the regional development banks, the International Monetary Fund, the UN Development Program, UNICEF [UN Children's Fund], and the specialized UN agencies.

Equitable and sustained growth in the developing countries is crucial to achievement of our security, economic, and humanitarian objectives. It requires internal structural changes in the economies of developing countries as well as outside support that encourages flows of trade, capital, and technology. If it occurs, the prospects are good for a continuation of the healthy trend we have witnessed in recent years toward strengthening of democratic and free-market-oriented institutions around the world.

We will continue our unequivocal, strong support for the new democracies in Latin American, South Korea, the Philippines, and elsewhere as they seek greater internal stability. We must recognize that democratic institution-building is a slow and often fragile process. Yet, the trend toward democracy is growing around the world on an impressive scale, reaffirming American values and the effectiveness of our policies.

We will press ahead in our determined efforts against international drug trafficking and terrorism, and I can assure you that we will continue to give these issues a high foreign policy priority.

These issues of global impact do not lend themselves to simple, unilateral solutions. Rather, they require sustained multilateral cooperation. The United Nations and its specialized agencies are contributing to the solution of many of the world's shared problems—drug abuse, air piracy, AIDS [acquired immune deficiency syndrome] research, to name a few. We must sustain our active support for these institutions, while continuing to seek significant reform of the UN system for allocating funds.

In sum, this will be an exceptionally busy year: for making as much progress as we can on the full range of issues that comprise our foreign policy; for consolidating achievements where we can; for working away at enduring problems as we must; and for taking new initiatives where they seem useful and promising. I will now turn to the practical question of the means we will need to accomplish our goals.

### The 1988 Foreign Affairs Budget

Last year at this time when we met, I spoke at length about the resource issues posed by the foreign affairs budget. Indeed, budgetary issues still loom so large that when I refer to "the 1987 summit" in conversations with my colleagues, I mean the budget summit—not the one with Gorbachev.

Over the past months, the State Department has engaged intensively with Congress in the rough-and-tumble business of executive-legislative cooperation in order to reduce the Federal deficit in the way that does not harm our foreign policy interests. We have made headway. The agreement reached at the budget summit puts a little more flesh on the bones of our foreign affairs budget for FY 1988 than would otherwise have been the case. But our budget is still a painfully thin and rigid creature.

In the next few weeks, we will be submitting to the Congress our foreign affairs request for FY 1989. You will not be surprised by our request. Although I cannot now discuss the detailed numbers with you, since the budget will not be formally released by the White House for another 2 weeks, suffice it to say that it will be very spare, in keeping with the agreement at the budget summit.

When you have had a chance to study our budget presentation and to examine Administration witnesses about our proposals, I know you will agree we have taken a very hard look at the programs we support and the resources we need to manage them. In fact, after taking into account anticipated inflation, the buying power of the budget we will propose will be somewhat less than this year's, which in itself represented a substantial reduction from the levels of recent years. We cannot do with any less. We would have liked more.

I want to be clear that the moderate request we will be proposing in order to meet the budget summit requirements in no way reflects any diminution in the scope of our foreign affairs interests; in the depth of our commitments to friends, allies, and the international system; or in the amount of resources we consider necessary in order to pursue those interests and meet those commitments. Rather, our very tight request reflects an uneasy

compromise between our minimum foreign policy needs and our recognition that we must play our part to reduce the deficit. But we cannot defend our interests and meet our most basic obligations without adequate resources and the flexibility to apply them to meet the highest priority needs.

On your part, in turn, we need a willingness in Congress to give the executive branch the latitude we need to manage our very limited resources effectively. I do not question Congress' authority to control the purse strings. Yet, as you know, the resources appropriated in the continuing resolution are almost completely earmarked by Congress for particular countries or programs—97% in the case of the economic support fund and 99% for the foreign military sales program. That leaves us no flexibility to provide adequate resources to countries which afford us vital bases and other defense facilities, such as Kenya, Somalia, Portugal, and Turkey. And it leaves virtually no security assistance funding for such important countries as Bolivia, Ecuador, the Dominican Republic, Jamaica, and Indonesia.

If we are to reduce the Federal budget deficit—which we must—and advance our foreign policy interests—which are vital—we need greater flexibility within the budget framework to allocate the funds you have appropriated. The excessive earmarking which characterizes this continuing resolution and the multitude of amendments accompanying it regarding foreign policy and State Department operations are not minor hindrances. If continued, they threaten the executive branch's ability to conduct the nation's foreign policy.

We know that the executive branch must do its part to obtain the needed flexibility. We must increase congressional confidence that we will manage our financial resources efficiently and effectively to achieve commonly agreed goals. And the Department of State would welcome consultations with Congress to that end.

### Bipartisanship

Throughout my tenure as Secretary of State, I have been a strong and vocal advocate of three things in foreign policy, and I trust that the record will show that I have practiced what I preach. As I see them, the three essentials of any successful foreign policy initiative are:

- Clarity of purpose;
- Staying power; and
- Bipartisan support.

That is why I have been and remain a strong and vocal advocate of meaningful consultation between the Hill and the Administration. Late last year, some Members of Congress pointed out the need for greater bip tisanship in foreign policy. Theirs is approach which I have endorsed. A I remain willing to do all I can this year to lay the foundation for truly bipartisan cooperation.

[1]The complete transcript of the he ings will be published by the committe and will be available from the Superint ent of Documents, U.S. Government P ing Office, Washington, D.C. 20402.

# Secretary's Interview on "This Week With David Brinkley"

*Excerpts from Secretary Shultz's interview on ABC-TV's "This Week With David Brinkley" on January 31, 1988, by David Brinkley and Sam Donaldson, ABC News, and George F. Will, ABC News analyst.*[1]

**Q. Now, we've just talked to the two whips of the House, as you have heard, and we ended on an argumentative note about what, actually, the President is asking for in terms of money for the *contras*: (a) how much, they disagreed on; (b) how much of it is for humanitarian aid and how much is for ammunition and so on? Can you clear that up?**

A. Simple. He is asking for $36 million for around 4 months or so, about 10% of which is for military assistance.

**Q. What was the $70-odd million that [Representative Tony] Coelho was talking about?**

A. That's just something he got out of his imagination.

**Q. All right.**

A. There is a written document, and that's what it says.

**Q. If I may, I think he was projecting that after 4 months, you might want more money if in fact the matter has not been resolved—and he's looking toward the end of the Administration.**

A. If there is a need for more money, we'll ask for it.

**Q. And also he was building in the $20 million, I think, which is a separate appropriation matter, money already appropriated, which you would use to transport material. Is that not correct?**

A. No, that's a matter of an ins ance policy to enable there to be ar airplane leased. And that's been all front and described as part of the p age. But the appropriated funds ar $36 million.

**Q. Is it possible for the *contr* win the war, that is not get to a n tiating table, but get to power, ge the capital?**

A. Their object is to change th nature of government in Nicaragua making it more democratic, more c patible with what's going on in the gion. And I think it's certainly pos to make that kind of change. And through the evolution of the Presid policies, which have been in place years, we have seen just that happ in El Salvador, in Honduras, and i Guatemala where you now have civ elected presidents.

**Q. But you didn't—**

A. And in Nicaragua, we see, result of the strategy that's in place, that the Nicaraguans signed Guatemala City a set of undertakin that amount to the operational cha teristics of democracy. They went t San Jose, and contrary to what wa said earlier on the program, the fi presidents did not agree in San Jos The four who were elected by dem cratic means really worked the Nic araguan communist representative for not living up to what he agreed in Guatemala City, and said so at t outcome. Now, the pressure is on. what we have on our hands here is success for the President's policy o pressure and diplomacy working to gether. And it seems unbelievable we're even debating the idea that

l pull the rug out from under a ssful strategy just when it's ly working.

**Q. Something strange has hap- nd in American foreign policy and eneral partisanship when you Members of Congress, in effect, ing—have they not been?—advis- he Ortega regime, the commu- regime in Nicaragua, on how to t the President's policy in ress.**

A. It's appalling. It is really ling.

**Q. Now, you said a moment—**

A. However, we have to focus on, t is the right thing for the United s right now?" And clearly, the thing for the United States in ral America is peace, as Represen- e [Trent] Lott said, peace—but not peace: peace with freedom, peace widely shared economic develop- . That's what we're trying to get, we're getting there.

**Q. The reason some people are warm, at most, about *contra* aid ey can't see how you get to your ome. There's no precedent any- e in the world for a Marxist re- negotiating down to pluralism. any concessions that Ortega es, sufficient to kill *contra* aid, evokable. So aren't the cards in and over time?**

A. We need to keep the pressure ntil we can find ourselves to a place e the momentum of democracy be- s very powerful, and that's the

**Q. Now, that—then the question e criteria—you said a minute ago we might need to ask for more ey. What are the criteria that ltz or Reagan would have to say: right. That's it. We don't need to ort the *contras* because X, Y, and s happened in Nicaragua." What are X, Y, and Z?**

A. If you have a satisfactory nego- d cease-fire, you don't need to sup- nore military assistance because e is a cease-fire. A satisfactory e-fire is hooked into the kind of edures that the Guatemala City ement that the five agreed on, put ace, such as: amnesty, freedom to ish, freedom to broadcast on radio, edures for deciding on who is going e the representative, and so on. se are the things that characterize a alistic, democratic system which ga agreed to, so let's get them in e.

**Q. There were reports this morning that if the Administration loses the vote on Capitol Hill, that you will, nevertheless, continue to try to find funds to support the *contras*, including perhaps going once again to third countries. Would you do that?**

A. There isn't any basis for that statement, but there certainly is a basis for saying that as far as President Reagan is concerned and as far as I'm concerned, I'm never going to give up on peace with freedom in Central America. Those are important objectives for us, and we will keep trying, but—and I don't even want to contemplate the kind of outcome that goes with pulling out the rug from a strategy that has produced where we are now.

**Q. But, Mr. Secretary—**

A. People say, "Isn't it wonderful that there is this negotiation, and that finally there is a direct negotiation between the freedom fighters and the Government of Nicaragua?"

That is something we have been calling for for years.

**Q. But I'm confused—**

A. And it's finally happened.

**Q. —about your answer.**

A. And people say, "Isn't it wonderful. Now, we should just quit on the job."

I say, "No. Carry through on what has given you success."

**Q. You make your argument very forcefully, of course. But I'm confused as to your answer—**

A. It's correct. It isn't just forceful. It's correct.

**Q. —because you say that you think you'll never give up on the *contras*. But you have made the point in over the last 18 months "in spades" that the law will be obeyed, as far as George Shultz is concerned.**

A. It will be obeyed as far as all of us are concerned.

**Q. Now, at the moment, the Senate not having passed it, you are—provision to try to prevent third-country solicitation—as I understand it, it would be legal at the moment, to solicit funds from third countries. My question to you is whether you would contemplate doing that should you lose the vote?**

A. We're going to win this vote, and we're going all out to do so—the President is fully engaged, and that's where we're going—and I believe we will, basically, because it is so obviously right for America. We're on the right side; we're on the side of freedom; we're on the side of an open system. We're absolutely right. We're on a sound basis here.

**Q. But what is the answer to my question?**

A. Why should I answer your question, an iffy question?

**Q. You have a right not to answer it, if you choose, but I'm trying to get you to make a choice.**

A. That's my choice.

**Q. —exercising the right not to answer. [Laughter]**

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A. The reason I didn't want to answer your question is that the minute you start talking about what you're going to do if you lose, you've lost. And I intend to win, and the President intends to win.

**Q. Okay.**

A. That's our orientation.

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**Q. The INF [intermediate-range nuclear forces] agreement is an accomplished fact and will be ratified. And the next Soviet goal in Europe is the so-called triple zero: to get rid of all nuclear weapons, a denuclearized Europe. That would presuppose for American security an increase of conventional forces on the part of our NATO [North Atlantic Treaty Organization]—**

A. We're not going to agree to that, or it is not in the priority of things to negotiate about right now. What is in our priority in negotiations are, first of all, between us and the Soviets, an agreement to reduce strategic arms by 50%; second of all, to work out a mandate, so-called, for negotiations about the conventional arms imbalances—that does not include anything to do with nuclear arms—and third, we want to work out, if it's at all possible, a worldwide ban on chemical weapons, and we're working hard on that.

Those are the three priority objectives. Our European allies agree on those priorities. And after all of those things are done, then and only then would it be appropriate to start looking again at the nuclear [inaudible].

**Q. Given the complexity of a START [strategic arms reduction talks]—**

A. In the meantime, there are a great many nuclear weapons left in Europe so that the NATO policy of flexible response is fully implementable.

**Q. Is there enough time left in the Reagan Administration, particularly the time between now and the early summer summit, to do anything more than a Vladivostok approach—a general, numerical formulation agreed to between the two parties on a START agreement?**

A. It's possible to work out a full treaty, although it will be difficult.

**Q. Do you expect it?**

A. I am not an odds-maker. I am a worker, and my job is to try to turn something that's possible into something that happens, and we'll work at it very hard, and I don't know the answer.

**Q. Let me swerve back to the *contras* for a minute. If the Soviet Union were not supporting the Sandinista regime, no one would care much, except the Nicaraguans, about how badly governed they are. We care because they have this disproportionate military force that they get from the Soviet Union.**

**Is there nothing the Soviet Union wants from us in the way of credits, access to international financial institutions—nothing we could link—that would make it worth their while to quit sending this kind of aid to Nicaragua?**

A. I don't think that we should approach the subject of peace and democracy and freedom in our hemisphere on the basis of some sort of deal with the Soviet Union—not that we aren't interested in their behavior or the ceasing of their behavior. But peace and freedom and widely shared economic development in our hemisphere is something that we need to work on, and work on it in terms of helping the people who are willing to fight for it right here in our own hemisphere.

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**Q. One quick question before we go. You met this week with the Israelis, the Ambassador and others. Can you tell us anything about what is happening there, your view of it, and how you see a way to get out of it, if you do?**

A. We are in very active discussions with the key parties—with the Israelis, with the Jordanians, with the Egyptians, and in a lesser way with Palestinian leaders—and what I think we are seeing is that somehow, the discussion about what should go on in the Middle East has become dominated by discussion of a process: "Should we have an international conference? Should we have direct negotiations or what?" And we see those processes going nowhere because there is no substance.

And so what we're doing is, sa "Let's talk some more about the su stance of what can be done right n help the situation on the West Ban and Gaza quickly," and second, "H can we find our way to a sensible o come in the longer run?" We find p ple are very responsive on that, an think, maybe, if we can find a bett understanding about the substance then the procedural arguments wil seem less important, and we'll be a to proceed. That's what we're doin

[1]Press release 11 of Feb. 2, 1988.

# Nuclear Testing Talks Open Round Two

**WHITE HOUSE STATEMENT, FEB. 12, 1988[1]**

On Monday, February 15, the United States and the Soviet Union will resume step-by-step negotiations on nuclear testing with the opening of round two of these talks in Geneva. The nuclear testing talks represent a practical approach—as the President has long advocated—to nuclear testing limitations which are in our national security interest.

In undertaking these talks, the United States and the Soviet Union agreed as a first step to negotiate effective verification measures for two existing but unratified nuclear testing treaties—the Threshold Test Ban Treaty (TTBT) and the Peaceful Nuclear Explosions Treaty (PNET). Once our verification concerns have been satisfied and the treaties ratified, we will propose that the United States and the Soviet Union immediately enter into negotiations on ways to implement a step-by-step program—in association with a program to reduce and ultimately eliminate nuclear weapons—of limiting and ultimately ending nuclear testing.

We are making progress toward our goal of effective verification of the TTBT and the PNET. During General Secretary Gorbachev's visit to Washington in December, the United States and the Soviet Union agreed to design and conduct joint verification experiments intended to facilitate agreement on effective verification of these tw treaties. These joint experiments, which will take place at each othe nuclear test site, will provide oppo tunities to measure the yield of nu explosions using techniques propo by each side. Through these exper ments, we hope to provide the So Union with all the information the should need to accept U.S. use of CORRTEX [continuous reflectrom for radius vs. time experiment]—t most accurate technique we have i fied for verification of the TTBT a the PNET.

We and the Soviets also agree visit each other's nuclear test sites the purpose of familiarizing oursel with the conditions and operations those test sites. These unpreceder visits—which build on an idea the ident first proposed in September 1984—took place last month in a c structive and cooperative atmosph

With a better understanding practical problems associated with ducting these experiments, we no have the information needed to de the experiments. The two sides ha agreed to begin this work immedi upon resumption of negotiations o Monday. We hope that the sides w continue to make expeditious prog in these talks.

[1]Text from Weekly Compilation o Presidential Documents of Feb. 15, 19

# Conference on Disarmament Reconvenes in Vienna

**PRESIDENT'S STATEMENT, FEB. 2, 1988[1]**

The Conference on Disarmament plays an important role in international endeavors to create a more stable and peaceful world. You resume your work in a year that holds promise for realizing concrete steps toward this universal objective.

I am pleased to be able to report to you that we are making discernible progress on all aspects of my Administration's comprehensive agenda: reductions in nuclear arms, peaceful settlement of regional conflicts, development of confidence-building measures, and advancement of human rights and fundamental freedoms.

The signing of the Intermediate-Range Nuclear Forces (INF) Treaty was a historic event. For the first time, the United States and the Soviet Union will begin reducing nuclear arms. We hope that this beginning will be followed by reaching agreement on our proposal for a 50% reduction in U.S. and Soviet strategic nuclear arsenals.

In the field of nuclear testing, the United States and the U.S.S.R. have begun full-scale, step-by-step negotiations with agreement on the needed verification improvements to existing treaties as the first step. Both sides have also agreed that progress toward banning nuclear tests must be part of the effective disarmament process.

In Vienna we are working out the terms of reference for negotiations on conventional stability in Europe. In addition, we are continuing the process, which was successfully initiated in Stockholm, in the area of confidence-building measures.

The Conference on Disarmament has an impressive agenda. Of special importance is your effort on a convention banning chemical weapons. Progress has been made in narrowing differences of principle; you now face the arduous task of working out the details and finding solutions on issues which affect vital security interests of all our countries. General Secretary Gorbachev and I have reaffirmed our commitment to negotiations in the Conference on Disarmament, which would result in a truly effective, verifiable, and global ban on these terrible weapons.

Under the capable leadership of Ambassador Max Friedersdorf, the U.S. delegation will continue to work with you in resolving this and other difficult issues which engage this forum. I wish you Godspeed.

[1]Read at the opening of the 1988 session of the conference by Ambassador Max L. Friedersdorf, head of the U.S. delegation (text from Weekly Compilation of Presidential Documents of Feb. 8, 1988). ■

# Soviet Experts Visit U.S. Nuclear Test Site

**JOINT U.S.-SOVIET STATEMENT, JAN. 30, 1987[1]**

In accordance with the joint statement issued in Washington on December 9, 1987, by Secretary of State Shultz and Foreign Minister Shevardnadze, a group of 20 Soviet experts, led by Mr. Igor Palenykh, head of the Soviet delegation to the U.S.-Soviet full-scale negotiations on the problems relating to nuclear testing, visited the U.S. nuclear test site in Nevada from January 25–30. The Soviet experts began their visit 1 week after the completion of a similar visit by 20 U.S. experts to the Soviet nuclear test site in the vicinity of Semipalatinsk.

The purpose of these visits was to familiarize the experts of both sides with each side's nuclear test sites and the activities carried out there in order to provide a practical basis for the design and conduct of the joint verification experiment which was agreed upon by the two sides at the first round of the negotiations in Geneva last November. The experiment is intended to enable the sides to agree on the improved verification measures necessary for the ratification of the U.S.-Soviet Threshold Test Ban Treaty of 1974 and the Peaceful Nuclear Explosions Treaty of 1976 and which also might be used, to the extent appropriate, in future agreements on further limitations on nuclear tests.

During their visit, the Soviet experts were briefed on the organization and operation of the U.S. test site, including the various stages in preparing for and conducting nuclear tests. The U.S. side fully demonstrated the technique and equipment used in the CORRTEX [continuous reflectrometry for radius vs. time experiment] system of yield measurement. The two sides also extensively discussed hydrodynamic and seismic nuclear yield measurement methods.

The Soviet experts were housed in the facilities that would be provided Soviet participants in a joint verification experiment. They were also shown the work areas, offices, and vehicles that would be available for their use during that experiment. The Soviet experts were provided with reports and material on all topics discussed during their visit. This information parallels the material received by the U.S. experts during their visit to Semipalatinsk.

These reciprocal visits have considerably increased each side's understanding of the practical problems connected with the conduct of a joint verification experiment. At the same time, the visits have provided the information needed for the two sides to start work on the design of such an experiment immediately after negotiations resume in Geneva in mid-February.

Just as with the visit of the U.S. experts to the Soviet Union, the visit of the Soviet experts to Nevada was conducted in the constructive and cooperative atmosphere established by both sides since the start of these negotiations in Geneva last November.

[1]Released in Las Vegas, Nevada. ■

# U.S.-ASEAN Dialogue Held in Washington

*Representatives of the Association of South East Asian Nations (ASEAN) and the United States held their eighth dialogue in Washington February 10–11, 1988.*

*Following are remarks by Secretary Shultz and ASEAN spokesman Minister of State for Foreign Affairs Yeo Cheow Tong (Singapore) at the opening session and the text of the joint statement issued at the conclusion of the dialogue.*

## OPENING REMARKS, FEB. 10, 1988[1]

### Secretary Shultz

I'm very happy to be able to welcome you all to Washington. This is the second time I have had the pleasure of opening one of our dialogue sessions during my tenure as Secretary of State, and, of course, I have attended all of the dialogue partner sessions since I have been Secretary of State.

The last time we met here, during the sixth dialogue in April 1985, we were able to share with you the pleasure of springtime in Washington. Convening here in February, perhaps the most daunting time of year in these parts, is a true test of our resolve and a measure of the value we all place on the dialogue.

This is the fourth dialogue we have held since Allen Wallis [Under Secretary of State for Economic Affairs and Agriculture] and I assumed our positions. So this is an appropriate moment for me to remark on the satisfaction I have derived from my long association with ASEAN, which goes way back, counting both my public service in this Administration and my earlier years of private activity in your region. Some of the most gratifying memories I will take with me from the post I am now in will center on our dialogue with your vital regional organization.

As I have said before, I believe ASEAN's evolution over its first two decades has set an example for the world. As a matter of fact, in many of my conversations with people in other regions—only yesterday, meeting with Prince Sa'ud of Saudi Arabia, and talking about the Gulf Cooperation Council (GCC) as an organization that is taking shape and form—I have said, "You ought to go talk to ASEAN and see what you can learn."

You have demonstrated that the challenges of economic development can best be met by a mix of policies that emphasize the dynamic character of market forces and minimize the drag of state intervention. You have also shown that regional cooperation can be a means by which states can enhance their role on the world stage, but without doing so at the expense of their neighbors. That is an especially welcome counter to the conflict and turmoil we see in many other regions today.

Let me congratulate you once again on the success of the third ASEAN summit, which marked the start of ASEAN's third decade, by reaffirming the commitment of your governments to the organization's future and to the progressive deepening of economic cooperation among your countries. The agreements announced in Manila clearly mark a continuation of ASEAN's commitment to careful efforts to keep moving forward in a realistic way toward greater liberalization of trading arrangements and toward giving market forces greater leeway to drive the growth of your economies.

Your third summit also underscored the vital role ASEAN has come to play as an instrument of political stability in your region. By persevering and holding the summit in Manila in the face of recurrent threats, ASEAN gave a welcome boost to President Aquino's efforts to build a solid democracy in the Philippines. I might say, it was quite notable that the ASEAN summit went off without incident. It was handled beautifully—no problems.

I am also pleased to note that ASEAN's firmness in maintaining diplomatic pressure on the Vietnamese led to a record level of support for your Cambodian resolution in the last UN General Assembly. More recently, Prince Sihanouk and People's Republic of Kampuchea Prime Minister Hun Sen have held direct talks, the first such direct encounters between the opposing Khmer factions. As we watch to see how this situation develops, it will be important to maintain economic and political pressures on Hanoi. Keep the pressure on.

I also want to commend the ASEAN nations for the constructive and generous role they have played i the continuing refugee crisis in Soutl east Asia. Your governments have granted first asylum to hundreds of thousands of refugees from Vietnam, Laos, and Cambodia over the past 13 years. The world applauds the ongoi efforts you have undertaken to deal with the continuing flow generated b the unfortunate policies of Vietnames authorities. We urge you to continue those humane policies, despite the fr tration and impatience many of your people undoubtedly feel. As civilized nations, we cannot shun the burden condone actions that result in the los of innocent human life. For our part, you can be assured that the U.S. cor mitment to resettle Southeast Asian refugees and to provide needed hum itarian assistance remains as firm as ever. We will stand with you, for as long as is necessary.

I am also happy to see that your economies and our trading relations gained some vigor in 1987, after paus ing in 1985 and 1986. Our total trade rose some 14% last year and probabl set a new record of just over $27 billion. On this basis, ASEAN, as a group, ranks as our seventh largest trading partner. Nearly two-thirds of last year's increase in our two-way trade was attributable to the rebou in our imports from ASEAN. This re flected both your success in diversify ing your economies and our Presiden success in keeping our market the m open to imports among the industrialized countries.

We must press ahead in our campaign against protectionist folly this year, and we will have to work togetl to that end. I believe 1988 will see co tinued growth in the United States, l by record-setting increases in our me chandise exports. Aided by dollar depreciation, these rose in value by nearly 12% last year, confirming our timism about America's basic competitive strength. Despite price increases, the value of our imports w rise in 1988 by substantially less than will that of our exports. Our trade de cit will come down; there is a debate about how rapidly. Some think nothin happens fast. Others of us—like me—think that at some point, it may happ

re rapidly than the sort of statistical ojections tend to assume. Because absolute value of U.S. exports is v substantially less than the value of imports, exports must increase ch more in percentage terms to re- e the trade deficit. We would much her have it that way than have it the er way, where what you see is a ge decline in imports.

As the trade deficit declines, all of must do our part to ensure con- ued growth and strengthened trad- opportunities for all nations. The ure holds unprecedented economic portunities for open societies like s, if we meet today's challenges suc- sfully. The technological and infor- tion revolutions now underway are king our economies more closely and nsforming the global economy. I ow we have talked about that on er occasions, and I spoke about it— ed to speak in a careful and system- c way—last December on the ader implications of these changes what is taking place around the rld.

We must all adopt trade and other onomic policies which promote mar- t forces today so that we can realize bright promise of tomorrow.

In the area of trade, I can assure u that the President is determined to ep on resisting protectionism. He re- ains committed to veto the omnibus ade bill if it is sent to him by the ongress still containing unacceptably strictive measures such as the ephardt amendment. Iowa hasn't had y impact on the President's thinking out that amendment, and it won't. e are not prepared to accept such re- rictive provisions as the price for ob- ining renewed negotiating authority r the GATT [General Agreement on riffs and Trade] talks. The President ill also veto the protectionist textile gislation that came out of the House Representatives, should it be passed y the Congress. And I might say that e did a little better in our vote this me than last time, so that our ability sustain a veto looks pretty good.

A crucial element in our battle gainst trade restrictions, of course, is ur continuing work to reform and re- italize the GATT system. We welcome SEAN's contribution to the start of e Uruguay Round and to work car- ed out in the first phase of the nego- ations. We are likeminded with you, nd so we were able to work together ell. This year we hope to begin to ake substantive headway in a number of fields of interest to you and to us, leading up to the ministerial midterm review toward the end of the year. Let me urge you to keep up your active participation in the new round so that together we can reach agreement on enduring solutions to the problems that have come to plague the trading system in recent years.

With that, I will wish you good luck for your deliberations over the next 2 days. This will mark another step in the maturing of our dialogue process. You all know Allen Wallis, my own mentor in economics—let alone statistics—and a man who brings an uncommonly long perspective to consideration of the economic and trade questions before us. Thank you very much, and let us hope the winds and weather will be favorable.

**Minister Yeo Cheow Tong**

On behalf of my ASEAN colleagues, allow me to express our pleasure at being in Washington to attend the eighth ASEAN-U.S. dialogue. We are grateful to our hosts for the very excellent arrangements which they have made for this meeting. I am confident that this dialogue will be a success.

ASEAN-U.S. trade and economic relations have grown 25 times between 1967 and 1986. The United States is now ASEAN's second largest trading partner. U.S. investments in ASEAN have also increased by almost 13 times between 1966 and 1986. There is great potential for further expansion of two-way trade and investments.

With regard to investments, the improved ASEAN industrial joint ventures scheme is a promising vehicle for promoting industrial joint venture opportunities among ASEAN investors and between ASEAN and non-ASEAN investors.

The ASEAN-U.S. dialogue is an important component of ASEAN's external relations. ASEAN and the United States share a broad range of common values, perceptions, and aspirations, and both have expressed a common desire in working toward a mutually beneficial long-term trade and economic relationship. Both are believers in free and fair trade, as shown by our common commitment to the successful conclusion of the Uruguay Round, which aims at expanding world trade and strengthening the international trading system.

On ASEAN's part, it agreed at the Manila summit, which took place less than 2 months ago, to implement an immediate standstill and negotiate the rollback of nontariff barriers.

In the area of development cooperation, ASEAN appreciates the contributions made by the United States. ASEAN looks forward to working with the United States to develop new directions for development cooperation as outlined by the Manila summit. The United States could help ASEAN to widen or further strengthen the areas of development cooperation between the two partners.

The good relations between ASEAN and the United States have developed out of the conviction on both sides that predictability, stability, and a sense of commitment in bilateral relations are important. In short, the relationship was premised on mutual good faith. Some recent developments, however, have shaken ASEAN's confidence in these premises.

A good example is the decision of the U.S. Administration to graduate Singapore from the U.S. generalized system of preferences (GSP) program. After bilateral consulations with the United States, Singapore enacted copyright legislation in April 1987, which took into account major U.S. concerns on copyright protection on the understanding that Singapore will be granted a favorable GSP package in return. In July 1987, the United States implemented a favorable GSP package for Singapore. Six months later the United States announced that, with effect from 2 January 1989, Singapore will be graduated from the U.S. GSP. This unilateral action by the United States is contrary to the understanding reached between the United States and Singapore. The U.S. Government had been officially informed in a memorandum from Singapore in October 1987 that withdrawal of GSP benefits to Singapore will lead to a serious reappraisal by the Government of Singapore of its commitments to the United States during the U.S. GSP general review.

Singapore feels in particular that by this decision, the United States has undermined the premises of good faith on which relations between states are based. Its action has cast doubts on U.S. credibility and reliability. This U.S. action is detrimental to the long-term relations between ASEAN and the United States.

By the same token, while the U.S. Administration remains publicly committed to the principle of free trade, the possibility of domestic pressure leading to protectionist legislation being adopted in the United States cannot be discounted. The affected ASEAN

countries will recall the calls for barriers, both tariff and nontariff, to be raised against such imports as tropical vegetable oils, rice, textiles, sugar, and sugar-containing articles into the United States. At present Congress has before it at least another two potentially damaging pieces of protectionist U.S. trade legislation, namely, the omnibus trade bills and the textile bills. These, if passed in their present forms, would severely damage ASEAN-U.S. trade and economic relations.

While ASEAN understands the political and economic imperatives for the United States to reduce its huge trade deficit, ASEAN feels strongly and believes strongly that protectionist trade legislation could only exacerbate U.S. trade problems by concealing the real sources of U.S. lack of competitiveness in exports. However, I'm quite encouraged by the Secretary's statement that the way to solve this problem is to increase U.S. exports—that you believe that the statistics may not be totally correct in terms of projections, that there could be a big increase in exports in the near future, and that the way to go is not to reduce imports.

However, if ASEAN's ability to export is curtailed, its import capacity will also be reduced. If other developed countries follow the U.S. example, the problems will be multiplied and magnified to result in a global recession.

It might seem, from my preceding remarks, that we are confronted by a morass of problems in ASEAN-U.S. relations, both real and potential. Nevertheless, I am encouraged by the ongoing consultations between ASEAN and the United States aimed at concluding an agreement on an ASEAN-U.S. Initiative, or AUI for short. This could provide a way out of the uncertainty that dogs bilateral relations and serve as the basis on which to develop a more stable ASEAN-U.S. trade and economic relationship.

Since the ASEAN-U.S. post-ministerial conference in July last year, the AUI proposal has moved forward with the appointment of AUI coordinators for ASEAN and the United States to pursue discussions on this initiative. Agreement has now been reached between the AUI coordinators of ASEAN and the United States on starting a joint study on ASEAN-U.S. economic relations, which will help us to define possible approaches in expanding and extending the ASEAN-U.S. economic relationship. The coordinators of the two sides also agreed on the terms of reference, funding, and the appointment of consultants for such a study. We look forward to the implementation of their recommendations and the conclusion of the study by the end of this year.

The launching of the AUI could constitute a new phase in our mutual efforts to expand ASEAN-U.S. trade and economic relations that will further improve the standard of living of our peoples and facilitate the reduction of bilateral trade frictions between ASEAN and the United States. It would also be consonant with the negotiation of a series of bilateral trade agreements between the United States and the Caribbean countries, Israel, Canada, and Mexico.

On behalf of my ASEAN colleagues, I thank Your Excellencies for the warm greetings and hospitality extended to us. My colleagues and I look forward to a constructive and friendly dialogue.

### Secretary Shultz

Before I leave, I feel I must respond to your comment that you consider the United States to be untrustworthy and unreliable. I don't accept that at all.

In the first place, your country is well-served to pay attention to intellectual property rights. In the kind of world we are moving—that we have today, let alone we are moving toward—knowledge and intellectual property will be a very strong part of the total picture, and countries that are unwilling to make provision for that will be the losers. In working with you on that question, of course, we were arguing on behalf of concerned U.S. companies. But I don't think that you did us any favor by doing that—you did yourself a favor, and we did you a favor, by pushing at it hard.

Now as far as GSP is concerned, the purpose of that program is to help the countries which are having a hard time—particularly with their nontraditional exports—to get going. Therefore, it makes perfect sense to take countries that have gotten going off the list. And certainly Singapore, Hong Kong, Taiwan, and Korea have gotten going, in a big way, and we're all for it. We sit and cheer.

However, the longer these special privileges—they aren't your rights, they're your privileges in our market; it's not your market, it's our market—the more those privileges are extended to people who don't need them, the less they mean to those who do need them. So we have had to struggle with this, and we have had many conversations with your government. Nothing was done that totally surprised you. Time was given.

All these things are difficult, just as we have a difficult job to do here in fighting off protection. You just try going before a congressional committe and saying, "We should give a special break to Singapore, because that poor struggling country hasn't figured out how to export," and see how you're treated. You can't make that case.

I don't mind a good argument, an I'm putting it here. But to have the n of that argument be that your country considers my country to be untrustwo thy and unreliable is, I think, going further than I would like to go, becau I think the United States tries to play by the rules.

As I said in my remarks, with all of our problems, we are the most ope of the industrialized economies. Our market has been taking the bulk of th manufactured exports, and our trade deficit, for which we are criticized co stantly and which I believe will shrinl has been the basis on which other cou tries, including those of ASEAN, hav been able to have export surpluses. When our trade deficit goes away—y have to remember there is a sort of double-entry bookkeeping here, and i all of you are going to have export su pluses, there's got to be somebody wi a deficit, and I don't know who it's going to be.

I welcome your statement. But I don't welcome the accusation that the United States is unreliable and untru worthy. If that's what you believe, there's very little basis for a genuine dialogue.

### JOINT STATEMENT, FEB. 11, 1988

The eighth meeting of the ASEAN-U.S. dialogue was held in Washingtor D.C., on February 10–11, 1988, in the Department of State.

The U.S. delegation was led by M Allen Wallis, Under Secretary of Stat for Economic Affairs [and Agriculture Mr. William Piez, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, was deputy leader of the U.S. delegation. Also participatin were representatives of the Departments of State, Treasury, Commerce, Agriculture, Defense, and Labor, as well as representatives from the Offic of the U.S. Trade Representative, the

S. Agency for International Development, the Federal Maritime Commission, the Overseas Private Investment Corporation, the U.S. Information Agency, and the U.S. Food and Drug Administration.

The ASEAN delegation was led by Yeo Cheow Tong, Acting Minister for Health and Minister of State for Foreign Affairs of Singapore. Pengiran Idin Bin Pengiran Haji Hashim, Director General, ASEAN Brunei Darussalam; Mr. Wisber Loeis, Director General, ASEAN Indonesia; Ambassador Dato Abdullah Zawawi Bin Haji Mohamed, Director General, ASEAN Malaysia; Ambassador Felipe B. Gonzales, Assistant Secretary, Office of ASEAN Affairs and Director General, ASEAN-Philippines National Secretariat, Department of Foreign Affairs, Philippines; and Mr. Sawat Arthayukti, Director General, ASEAN Thailand, headed their countries' delegations.

Mr. Roderick Yong, Secretary General of the ASEAN Secretariat; Mr. Ilzwan Dzafir, Chairman of the ASEAN Committee on Trade and Tourism; Dato Ramon Navaratnam, Chairman of the ASEAN Committee on Transport and Communications; and Dato Dr. Mohamed Nor Ghani, Chairman of the ASEAN Committee on Culture and Information, also participated.

The dialogue was opened by Mr. George P. Shultz, Secretary of State of the United States. In his welcoming remarks, he noted that ASEAN, during the first two decades, had set an example for the world through its emphasis on regional cooperation and market-oriented development strategies.

The Secretary congratulated ASEAN on the success of its third summit in Manila as a reaffirmation of the organization's commitment to realistic efforts to deepen economic cooperation among its members. He observed that the ASEAN economies and their trade relations with the United States had strengthened in 1987 and that total trade between ASEAN and the United States had set a new record. ASEAN had come to rank as the seventh largest trading partner of the United States. The Secretary assured the delegations that President Reagan would continue to resist protectionist trade legislation such as certain provisions of the omnibus trade bill and the textile legislation currently being considered by the U.S. Congress. He also noted ASEAN's contribution to the start of the Uruguay Round of multilateral trade negotiations and urged the ASEAN governments to continue their active participation in the new round in order to reach agreement on enduring solutions to the problems of the world trading system.

In his opening remarks, H.E. Minister Yeo Cheow Tong noted the growth in ASEAN-U.S. trade and economic relations over the previous two decades. He noted that the ASEAN-U.S. dialogue was an important component of ASEAN's external relations, adding that both sides shared a broad range of common values and aspirations. Among these was a belief in free and fair trade, demonstrated by a common commitment to a successful conclusion to the Uruguay Round of multilateral trade negotiations. The Minister noted with regret the recent decision of the U.S. Administration to graduate Singapore from the U.S. GSP program, indicating that this decision would be detrimental to long-term U.S.-ASEAN relations. Singapore enacted copyright legislation which took into account major U.S. concerns on copyright protection, on the understanding that Singapore would be granted a favorable GSP package in return. The Minister added that ASEAN was encouraged by ongoing consultations concerning the ASEAN-U.S. Initiative (AUI). He observed that agreement had been reached between the AUI coordinators on terms of reference and other operational details of a joint economic study under the AUI to define possible approaches to extending ASEAN-U.S. economic relations. It was hoped that this study could be launched and concluded by the end of 1988 and that the AUI would facilitate and enhance trade economic relations.

Speaking in reply, Secretary Shultz defended the decision to graduate Singapore and three other newly industrialized economies from the GSP program. The Secretary noted that the U.S. GSP was intended to help countries having trouble getting started as exporters of nontraditional products. Singapore and the other three beneficiaries involved had made great strides in that direction, he added, and it was necessary to ensure that the benefits of trade privileges offered through the GSP were available for beneficiaries actually needing them. The Secretary noted that Singapore's increased intellectual property protection, agreed on in the context of the GSP general review, was in Singapore's own interest. The Secretary noted that the U.S. market remained the most open of the industrialized countries, despite the recent rise in protectionist pressure caused by the persistent U.S. trade deficit.

### Overview of ASEAN-U.S. Dialogue Relations

The two sides reviewed ASEAN-U.S. relations and exchanged views on a wide range of economic and trade issues of interest to ASEAN and the United States. They stressed their common desire to work toward a long-term economic relationship of mutual benefit. The two sides were pleased to note marked improvements in the dialogue process since the seventh dialogue. The two sides also discussed future direction of development cooperation and agreed that future cooperation should focus on the dominant theme of economic growth in ASEAN.

The ASEAN side informed the meeting of the results of the third ASEAN summit in Manila in December 1987. It was noted that the decisions taken by the ASEAN heads of government would provide excellent opportunities for promotion of intra-ASEAN trade and investment and would also provide incentives for U.S. companies to increase trade with and investment in ASEAN. In response, the U.S. delegation was encouraged to note that the proposed measures would not result in trade barriers to third countries.

### Exchange of Views on International Economic Issues

The two sides reviewed recent developments and prospects concerning a wide range of important international economic issues.

The ASEAN side stated there was an urgent need to restore and stabilize prices for internationally traded commodities so as to stabilize foreign exchange earnings needed to pay for imports and ensure future supplies to consumers. ASEAN observed that international cooperation on commodities was at its lowest ebb and regretted that major economic powers, including the United States, were lukewarm to global initiatives on commodities. ASEAN stressed the role of developed countries in assisting producers and pointed out that ASEAN growth depended largely on recovery of the commodity sector. ASEAN urged the United States to propose alternative measures to bring about effective, practical, and favorable trade in commodities.

**Rubber.** The ASEAN side expressed appreciation to the United States for signing the International Natural Rubber Agreement (INRA) but urged the U.S. side to expedite ratification in order to bring the agreement into force as early as possible. The U.S. side stated that it supported efforts to bring INRA II into force and indicated that, despite difficulties, the Administration expected to proceed with the domestic procedures required for ratification of INRA II.

**Tin.** ASEAN urged the United States to take steps to keep disposals of the General Services Administration (GSA) tin stockpiles to the minimum level possible to avoid undue market disruption and to assist in the implementation of the Association of Tin Producing Countries' supply rationalization scheme aimed at bringing the tin market back to normalcy. U.S. cooperation was also sought in establishing an international tin study group to handle certain functions of the International Tin Council. In addition, ASEAN called for a collaborative research and development project to develop new uses for tin. The U.S. side indicated that GSA tin disposals could not be said to cause market disruption. U.S. Government officials remained ready to consult with ASEAN regarding tin disposals. The United States planned to take part in the UNCTAD [UN Conference on Trade and Development] meeting in April on the proposed establishment of the international tin study group and would consider its position in light of that meeting. The United States also noted that the ASEAN research and development proposal would be considered in the context of the ASEAN-U.S. development cooperation program.

**Tropical Vegetable Oils.** ASEAN expressed appreciation for the strong stand taken by the U.S. Administration in opposition to the proposed tropical oil labeling legislation, on the ground that it discriminated against tropical vegetable oils produced in ASEAN. In response the U.S. side stated that the Administration would continue to oppose this bill. The ASEAN side urged the United States to continue to work closely with ASEAN to oppose the European Economic Community Commission's proposed levy on vegetable oils and fats. ASEAN also expressed concern about U.S. sales of vegetable oils to developing countries through the export enhancement program and PL 480, which ASEAN feared would displace sales of nonsubsidized ASEAN oils.

**Sugar.** ASEAN noted that its member countries exporting sugar to the United States were being adversely affected by steadily declining U.S. import quotas and indicated it sought larger import quotas on the basis of historical export performance. ASEAN also sought U.S. support for agreement to implement the economic provisions of the International Sugar Agreement (ISA). The U.S. delegation indicated that the Administration was committed to seek reform of the sugar program and was sympathetic to the problems it caused ASEAN sugar exporters. The United States considered the problem of sugar to be one of the agricultural questions to be addressed in the new GATT round through the U.S. proposal to eliminate subsidies and market access barriers.

The ASEAN delegation expressed appreciation for U.S. support regarding the reallocation of export quotas in the International Coffee Agreement and requested that this support be continued.

The ASEAN side requested the assistance of the United States on research and development to improve productivity and product quality and to find new uses and applications for certain commodities to cope with marketing requirements. ASEAN invited the United States to participate in investments and technology transfers to that end.

Both sides reviewed recent developments and prospects in the Uruguay Round GATT negotiations, stressing the commonality of interest between ASEAN and the United States in a successful new round. The U.S. side indicated that agriculture was a core element of the new round and expressed the view that it should be possible to achieve the framework and objectives for a final agreement by the midterm review later this year. The U.S. side also indicated that progress and even final agreement on institutional issues, such as dispute settlement, the functioning of the GATT system, and tariff and nontariff measures, should be possible by the midterm review.

The ASEAN side noted that it would like to see early agreement on agriculture, tropical products, natural resource-based products, safeguards, subsidies, and dispute settlement, as well as a standstill on nontariff measures and a roll-back of GATT-illegal actions.

The U.S. delegation indicated that the U.S. commitment to seek improvements in intellectual property protection was a worldwide effort. The United States appreciated the achiev ments of the ASEAN countries in im proving intellectual property protecti and expressed the hope that such im- provements would continue. The Uni States urged the ASEAN governmen to support the U.S. proposal on intel lectual property in the Uruguay Rou

The U.S. delegation urged the ASEAN governments to consider ac- ceding to the Vienna Convention on Protection of the Ozone Layer and it: Montreal protocol regulating ozone-d pleting chemicals.

On the international monetary si ation, ASEAN called for a new work economic recovery plan to avert furtl worsening of the global situation brought on by low current prices for and other commodities. The plan sho incorporate both domestic structural reforms and external cooperation.

In the context of its review of in ternational monetary and financial is sues, the U.S. side replied that the Administration did not embrace debt relief plans such as the Bradley plan The Program for Sustained Growth ( Baker plan) had made progress but would require more time for full suc- cess. The U.S. side indicated it strongly supported a general capital crease at the World Bank, noted its proposal for an external contingency fund at the IMF, and stated its supp for a "menu" approach to debt management.

Concerning ASEAN financial m: kets, the U.S. side emphasized the need for free market access for all U service firms, including financial in- stitutions, in the region.

### General Bilateral Economic and Trade Issues

Each ASEAN delegation registered concern over the decision of the Unit States to graduate Singapore from tl U.S. GSP program. The U.S. side noted the presentations made by the ASEAN delegations, assured the ASEAN side that the U.S. Administ tion had considered their viewpoints carefully when deliberating the grad tion decision.

The ASEAN side requested favo able consideration of ASEAN produc in eight tariff-product categories tha were being considered for inclusion i the GSP program under the current nual review. The U.S. side respondec by noting that both product and cour try practices petitions affecting ASEAN were being reviewed, and a ditional information might be require

The ASEAN side expressed con- n with the proliferation of protec- ıist trade bills before the U.S. ıgress, which, if passed, would ad- sely affect ASEAN-U.S. trade. The ;. delegation noted that the Admin- ation was working with the Con- ss to try to develop a responsible le bill and assured ASEAN that the sident would veto the bill unless re were substantial changes. The ;. delegation also reaffirmed that the ninistration was strongly opposed to textile bill and that the President ıld veto it if passed by the Senate.

Both sides noted with satisfaction t the coordinators for the ASEAN- ;. Initiative had at their meeting on ›ruary 8 agreed to launch a joint dy on ASEAN-U.S. economic ıtions.

Both sides also continued discus- ıs on the subject of the exchange of de data.

### vate Sector Participation

ASEAN and U.S. delegations met h a delegation from the ASEAN- ;. Business Council (AUSBC) and ASEAN-U.S. Center for Tech- ogy Exchange. A wide-ranging dis- sion was held on trade and economic ıes of concern to the U.S. and EAN private sectors.

Mr. William Tucker, cochairman of AUSBC, and Mr. Jose Luis Yulo, Secretary General of the ASEAN e, briefed the ASEAN and U.S. del- ıtions on the activities of the council l on the council's views concerning ›spects for ASEAN-U.S. economic ations. It was noted that the AUSBC l completed a study of U.S.-ASEAN ›nomic relations, and copies were ıde available to the delegations. The ıncil stated that the U.S. business ctor was also disappointed in the re- ıt GSP graduation ruling. It was the ew of the ASEAN private sector that vernments and the private sector re working in tandem to promote onomic cooperation and growth in the gion. The 1987 report of the private ctor Group of 14 of the ASEAN ıamber of Commerce and Industry CCI) was cited as a blueprint for vernment-business cooperation in ch fields as: trade liberalization, ade in commodities, transportation etworks, investment, energy coopera- on, and strengthening the monetary stem. Other AUSBC representatives ade more detailed presentations re- ırding the private sector's concerns in ıch fields as trade policy, trade in ervices, investment regulation, and intellectual property protection. The ASEAN and U.S. delegations expressed gratitude for the contribution made by the AUSBC to the ASEAN-U.S. relationship and to increasing awareness of ASEAN among the U.S. business community.

Mr. Robert Driscoll, President of the U.S.-ASEAN Center for Technology Exchange, reviewed the programs of the center and its plans for the coming year. He reported that the center had conducted 57 technical seminars and six technical missions to the United States, with participation by 4,800 ASEAN and 400 U.S. business executives. Mr. Driscoll stated that the center had been challenged to shift away from seminars to a more comprehensive format. This would require concentration on key industries, and the center would review its program in the coming year to determine the feasibility of this suggestion. The center would seek additional grants from the U.S. Agency for International Development.

### Specific Bilateral Trade Issues

The ASEAN delegation presented its concerns regarding U.S. programs to subsidize its exports of rice and edible oils. ASEAN urged the United States to reduce its rice acreage by the maximum amount of 35%. ASEAN urged the United States not to implement the export enhancement program, GSM [general sales manager] loans, or a targeted export assistance program for rice and to seek to amend the Farm Act so as to remove the rice program. ASEAN asked the United States to modify its sugar price support program with a view to increasing U.S. sugar imports. ASEAN further asked the U.S. Administration to exempt certain ASEAN sugar-containing food articles from the emergency quota on these products. The ASEAN side pointed out that the extensive U.S. export program for soybeans and soy products affected tropical vegetable oil production and access to markets where ASEAN countries have an interest. ASEAN urged the United States to continue to consult on a timely basis concerning its export enhancement programs for edible oils, in order to allow ASEAN to plan the marketing of vegetable oils. Finally, ASEAN requested the U.S. Administration to lift the ban on the importation of mangoes and carageenan from an ASEAN country.

The United States stated that most of its edible oils and virtually all meal and other similar products were exported at world prices without subsidies. The export enhancement program was a temporary program designed to convince the European Community to negotiate elimination of subsidies. The U.S. side reaffirmed its intention to seek legislation to reform the sugar program, but no effort was contemplated to seek an exemption for items exceeding the 10% limit for sugar content. On rice, the U.S. side reaffirmed that the rice marketing loan program is not designed to take markets from nonsubsidizing exporters. The rice acreage set-aside for 1988 had been set at a realistic 25%. Regarding mangoes, the U.S. delegation stated that the U.S. Agricultural Plant Health Inspection Service (APHIS), an arm of the Agriculture Department, was examining the problem of pest infestation and would have a decision soon.

ASEAN noted the U.S. Administration's explanation that antidumping and countervailing duty cases were industry-initiated and not under its control. ASEAN also felt that the use of these actions was contrary to the U.S. Uruguay Round commitment on nontariff barriers and constituted harassment of ASEAN trade. The U.S. delegation responded that the U.S. Commerce Department was legally accountable for antidumping and countervailing duty investigations. The U.S. side added that the Administration did not support measures in the omnibus trade bill that would encourage filing of more cases.

ASEAN referred to U.S. Government procurement policies as discriminatory toward its high-tech industries. The U.S. delegation noted that the Administration was compelled by Congress to implement the measures mentioned by ASEAN. The U.S. side invited the concerned ASEAN members to consider acceding to the GATT procurement code.

ASEAN countries exporting steel to the United States noted a desire on the part of U.S. interests for voluntary restraint agreements with ASEAN members. The U.S. delegation replied that voluntary restraint agreements were used to help the U.S. steel industry recover from import penetration but noted that the voluntary restraint agreement program was due to end in September 1989.

The U.S. side expressed its concern regarding quantitative restrictions and discriminatory taxes in some ASEAN countries which adversely affected U.S. agricultural exports, especially tobacco. The United States urged

the ASEAN side to roll back trade measures which were inconsistent with the GATT. In response, the ASEAN delegations noted the U.S. concerns and added that they were being considered primarily at the bilateral level.

The ASEAN delegation discussed the Ocean Shipping Act of 1978 and the "Controlled Carriers Act." The U.S. side responded that, based on previous unsuccessful efforts to obtain a legislative exemption from the Controlled Carriers Act, it did not believe the U.S. Congress would either ratify a treaty or pass any other legislation to exempt ASEAN carriers as a class. The United States informed ASEAN that a review of the 1984 Shipping Act was due in 1989 and advised ASEAN to present its views directly to the Congress at that time. In this regard ASEAN stressed the need for the U.S. Administration to give higher priority to using its good offices, especially with the private sector, in resolving these outstanding issues as the value of ASEAN-U.S. shipping and freight was $3.5 billion annually.

### Investment Cooperation

ASEAN and the United States agreed that private foreign investment had an important role to play in ASEAN's development. ASEAN informed the U.S. side of the steps being taken to improve the investment climate in the region, particularly the improvements ageed to at the third ASEAN summit with respect to the ASEAN industrial joint ventures scheme. The ASEAN side urged the United States to consider providing assistance in the following areas: (a) identifying investment projects of interest to both ASEAN and U.S. investors; (b) mounting investment missions and industrial conferences to increase U.S. business awareness of opportunities in ASEAN; and (c) organizing a workshop involving U.S. and ASEAN officials and the U.S. private sector to increase understanding concerning business conditions and expectations in ASEAN. The U.S. side affirmed that both sides agreed that private foreign investment had an important role to play in ASEAN's development. The United States believed the best way to attract foreign investment was by removing barriers rather than by providing investment incentives. The U.S. side also urged the ASEAN governments to support the U.S. proposal in the GATT new round concerning the elimination of investment measures which distort or impede trade flows.

### Development Cooperation

The two sides reviewed with satisfaction the progress made in development cooperation and agreed that new areas should be identified in the context of a medium- and long-term economic cooperation program.

### Date and Venue of the Next Meeting

Both sides agreed that the ninth dialogue would be held in Thailand. Bot sides agreed that the date and specifi venue would be determined subsequently though diplomatic channels.

[1]Press release 16. ■

# U.S.-Japanese Relations in Focus

***by William Clark, Jr.***

*Address before the University of Georgia Alumni Society's seminar on Japan in Athens on February 12, 1988. Mr. Clark is Deputy Assistant Secretary for East Asian and Pacific Affairs.*

Dr. Sigur [Gaston J. Sigur, Jr., Assistant Secretary for East Asian and Pacific Affairs] is sorry he could not be with you, but I am delighted to be here today on his behalf to speak to you about our most important bilateral relationship: that between the United States and Japan. For two nations to be so closely intertwined as the United States and Japan today, despite dissimilar histories and a bitter war still within memory, is unprecedented. It is difficult to understand how we could have forged, during the period following World War II, such a remarkably durable alliance.

We have built this alliance over 40 years upon shared values and extensive mutual interests and on those things we need from each other. Our relationship is now deep and multidimensional. And it is important that we keep the many dimensions in mind as we confront difficult individual issues. For while the United States and Japan continue to be close partners, both in the economic arena and in terms of international political and security cooperation, it is also true that headlines about our relations these days more often than not highlight trade frictions between the two nations. Someone once said good news is no news. Still I would like to accentuate the positive, without overlooking the sore points, to bring our relationship with Japan into better focus.

Japan's extraordinary economic ascendance and our own trade and budget deficits have led many to see Japan as a hostile economic competitor and the United States as in danger of losing its preeminence as the economic and pol cal leader of the free world. This vie overlooks the many benefits our relationship with Japan brings to us and strays from the traditional American spirit of competition. We Americans competitors. We believe competition- open and fair competition—makes us excel. That philosophy is the basis of our policy toward Japan. We are dete mined to bring our trade with Japan into a more balanced equilibrium, to promote our own economic interests, and to maintain our strong political a security relationship.

Japan's selection of a new prime minister last November and his visit th Washington this January provided th opportunity for a fresh look at our b lateral relationship. Ambassador [to Japan] Mike Mansfield has called it t most important bilateral relationshi the world, bar none. During his Jan ary visit to Washington, Prime Mini Takeshita, a most experienced and c pable political leader, reaffirmed his view that Japan's relations with the United States are the cornerstone o Japan's foreign policy. President Rea emphasized Japan's role as America's most important partner and ally in t Pacific. Let me touch on the reasons why the United States and Japan should view each other as close allie as well as tough competitors.

### Economic Ties

At about $115 billion last year, two-v trade between our countries is large than the gross national product of m nations. The United States is Japan's number one export market, absorbi 36% of Japan's exports, and Japan is our number one supplier. In return Japan receives about 11% of U.S. exports, including $6.8 billion in foodstuffs last year, making Japan b far the U.S. farmer's best customer. fact Japan bought more goods from t United States than did West Germa

ace, and Italy combined. We esti- e that the $27.5 billion in goods n bought from us last year sus- ed over 700,000 American jobs.

Within Japan we are the number foreign investor at $11 billion. erican firms such as IBM, Xerox, Schick hold significant market posi- s in Japan. Affiliates of U.S. multi- onals had $80 billion in sales, orted $3 billion in goods from the ed States, and had $2 billion in net me in Japan in 1985. And right from ergia, the Coca Cola Company took stimated 60% share of the Japanese drink market that year.

In the United States, Japanese di- investment is rising dramatically, ough Japan is only the number e foreign investor behind the ed Kingdom and the Netherlands, $24 billion in direct investments. 985 Japanese firms employed 000 Americans and exported $23 on in goods. Since then, to use the industry as an important example, of the major Japanese companies built plants here, bought more -made parts, and begun imple- ting plans to export cars back to an.

In 1986 we estimate that Japanese stors put $65 billion into U.S. ey markets. Interest on our budget cit would increase if Japanese funds not flow in. The United States is Japanese investment country of ice. In 1987 Japan's net overseas in- tment increased to an astounding l of $137 billion. Japan exports more ital overseas in global investments n it earns from its current account plus.

Since 1981 our trade imbalance h Japan has tripled, from $18 billion 60 billion. The U.S. global trade icit quadrupled from $40 billion to ut $170 billion over the same period. re are barriers to U.S. exports in an, and these must be dismantled. the imbalance with Japan is a ptom of broader macroeconomic es. We have a global trade im- ance problem, as well as a bilateral .

We have worked hard with Japan to uce these external imbalances— an's surplus and the U.S. deficit— le maintaining non-inflationary wth. The most visible aspect of this peration has been the appreciation he yen from 265 to 130 per dollar e 1985. This has helped boost U.S. orts and helped U.S. firms win mar- share in Japan and at home.

At the same time, new purchases of foreign assets became economical for Japanese overseas investors. When converted to dollars at the new rate, Japan's per capita GNP now exceeds our own. Foreign travel and imported goods are great bargains now for most Japanese. And the physical volume of Japan's exports has declined along with the yen value of those exports. Growth now comes from Japan's domestic economy, not exports.

Japan's global current account surplus, which was $87 billion in 1987, and our bilateral trade imbalance are projected to decline this year. Japan is shifting from export-led to domestic-led growth policies to aid the reduction further. Japan had negative net external growth in 1987 and strong domestic expansion and is expected to have 3.7% real GNP growth in the fiscal year which ends in March.

Already, by taking measures to spur private consumption, housing investment, and public works, the Japanese Government has reduced reliance on export-led growth. An influential study, the Maekawa report issued in April 1986, contains a blueprint for alleviating the Japanese surplus and putting Japan on course for economic growth in harmony with the needs of its economic partners. It has been embraced by Japan's business leadership and supported by Prime Minister Takeshita, but only partially implemented. We encourage Japan to follow through on its recommendations.

In sum, our economic policy toward Japan has as its central goal the expansion of trade, not the limiting of it. We seek removal of individual trade barriers. We encourage appropriate structural and macroeconomic reforms in Japan. And we seek to cooperate with Japan in promoting the success of the new GATT [General Agreement on Tariffs and Trade] trade round, where we both aim to establish new rules for trade in agriculture, services, and intellectual property.

### Security Ties

Since 1952 when the U.S.-Japan peace treaty went into effect, Japan has become a valued U.S. ally and a staunch member of the Western community. The bilateral arrangements established under the 1960 Treaty of Mutual Cooperation and Security have been crucial to peace and stability in East Asia. That treaty, spelling out our security relationship with Japan, is the cornerstone of U.S. security policy in the Pacific.

Japan's 1947 constitution precludes the projection of force abroad or an assertive military role in international relations. But Japanese perceptions of its security requirements have been made acute by Soviet intransigence on territorial issues, by the relentless Soviet military buildup in the Pacific, and by Moscow's aggression in Afghanistan and its support for Vietnam's invasion of Cambodia. A consensus has emerged in Japan which supports steady improvements in Japan's self-defense capabilities and expanded bilateral defense cooperation with the United States.

Our defense cooperation with Japan has never been better. Japan hosts some 60,000 U.S. troops and supports 7th Fleet ship visits and homeporting, including the only U.S. aircraft carrier battle group based overseas. Japan contributes $2.5 billion annually in "host-nation" support for U.S. Forces Japan. At over $40,000 per U.S. troop, that is the most generous "host-nation" support arrangement we have anywhere in the world. U.S. bases and facilities in Japan enable us to maintain regional defense capabilities, thus serving both U.S. and mutual security interests. We maintain these bases because it is in our own self-interest, our own self-defense, to do so.

The United States and Japan engage in extensive joint planning and exercises. Japan is participating in President Reagan's Strategic Defense Initiative (SDI), and transfers of important military technology from Japan to the United States are on the rise.

Just as Japan's "host-nation" support of U.S. forces and U.S.-Japan defense cooperation have increased, so has Japan's own self-defense efforts. Japan has undertaken to defend its territorial homeland, skies, and sealanes out to 1,000 nautical miles, providing a credible deterrent to Soviet adventurism in Northeast Asia. This allows flexibility for U.S. forces in case of emergencies in the Southwest Pacific and Indian Oceans. None of our forces in Japan is tied to the direct defense of Japan. Their role is regional.

These defense roles are consistent with Japanese and American expectations. They are in keeping with the views of Japan's neighbors which still remain sensitive to past militarism. Japanese defense spending rose 5.4% a year in real terms over the last 10 years. For FY 1988, the Japanese defense budget is $30 billion, fifth largest in the world and second largest of any non-nuclear power.

### Mutual Need and Common Values

A book on U.S.-Japan relations just published by the Council on Foreign Relations is titled *For Richer, For Poorer*, and I want to borrow the metaphor of marriage it uses to characterize the U.S.-Japan relationship. Despite the competitive frictions in our partnership, we can profit more together than apart.

In many of our industries most affected by Japanese competition, such as electronics or autos, calls for barriers or "tough action" on trade cause us to overlook quietly successful U.S.-Japanese joint operations. All the U.S. auto companies have cross-invested and cross-marketed with their Japanese competitors. Electronics giants such as IBM, Motorola, Texas Instruments, and others have joint ventures, wholly owned subsidiaries, or both in Japan. More and more, as interrelationships grow to maturity among U.S. and Japanese companies, consumers will benefit and trade will grow.

In Japan today, the younger generation, raised in relative affluence, seems to be shifting to greater consumerism. The Japanese Government can help this trend and help U.S. products by removing structural inefficiencies, such as those in agriculture and distribution, which limit sales of foreign products most.

In contrast, Japan-Soviet relations are not close. The Soviets, since World War II, have occupied and militarized four Japanese islands known as the Northern Territories. Japan joined world condemnation of the Soviet invasion of Afghanistan and the occupation of Cambodia by Moscow's clients in Hanoi. It has helped provide UN refugee relief for the victims of these cruel tragedies. Following the Toshiba Machine Company affair, the Japanese Government and Japanese firms have become increasingly wary of Soviet interest in high technology.

In a fundamental sense, our mutual security and the security our alliance with Japan provides other friends and allies in the Pacific is as strong as it has ever been. At its core, it is sustained by beliefs both partners cherish dearly. A common faith in democracy, human rights, and free enterprise has permitted two great nations to remain competitors and friends for over three decades.

It is interesting to note that in recent years, the level and frequency of the U.S.-Japan bilateral dialogue has changed dramatically. Starting with Gerald Ford, all our Presidents have visited Japan while in office. President Reagan did so in 1983 and again in 1986 for the Tokyo [economic] summit. During former Foreign Minister Abe's 4-year tenure, he and Secretary Shultz met almost 30 times. Subcabinet level meetings seem to be in almost constant session; all signs of a strong relationship with a key ally.

Despite its own self-image, Japan is not, and never has been, a poor island nation without natural resources. Japan's vibrant culture and industrious people have insured its strength and prosperity. Its modern combination of great financial power, cutting-edge technology, and strong international companies makes Japan a force to be taken seriously. It can make Japan a force for peace and progress, much as the United States has been in the postwar era.

Japan's leadership realizes that it must take actions to preserve the free market trading system, if for no other reason than to keep from being isolated in an increasingly trade-conscious world. But we need Japan to do more and have urged Japan to assume a global political role commensurate with its status as a world economic superpower. The Japanese leadership has sought to do that in numerous ways that support our shared foreign policy goals.

Japan has contributed to decision-making on U.S. arms control initiatives, including the U.S.-U.S.S.R. agreement on intermediate-range nuclear forces. In the Persian Gulf, where the U.S. fleet is protecting U.S. flag ships sailing to Japan and elsewhere with energy cargoes, Japan has taken steps to increase aid flows to Oman and Jordan and to install a precise navigational aid system with a $10 million price tag for the benefit of commercial mariners from all nations.

In the Philippines, Japanese aid flows have increased enormously since the Aquino government took the stage, amounting to over $600 million in JFY 1987. Prime Minister Takeshita made his first overseas trip a visit to Manila for an Association of South East Asian Nations (ASEAN) conference last December.

In fact Japan is the world's second largest donor of foreign aid after the United States. Together we provide about 45% of all economic assistance to developing nations. It is in this area that we are at work to map out constructive, mutually reinforcing strategies to benefit nations in need of growth and nourishment. Japan is the leading donor of economic aid to Chi and provides Korea with economic as sistance as well. Tokyo gives aid to Egypt, Turkey, and Pakistan, nation strategic importance to the West. In short Japan has taken significant ste to play a larger role in the field of ai and this has greatly benefitted stabil and development in areas of vital int est to us both.

Structural changes in its econon can provide an even more important portunity for Japanese cooperation. Japan can accelerate imports of low : middle technology products, particularly from the developing world, it c offer a new opportunity for global ec nomic growth which has been provid by the United States in the past. Th are signs that this is happening. Jap anese firms are erecting new factori in ASEAN countries, the United States, and Europe, but they have y to export homeward as U.S. multina tionals have.

We must continue to consult on ternational security, trade, and inve ment issues and encourage Japan to expand and deepen its role in the gl economic institutions: the United N tions, the World Bank, the International Monetary Fund, the General Agreement on Tariffs and Trade, th Organization for Economic Cooperat and Development, and the internati development banks. Trade is only o of several economic imbalances facin the United States, Japan, and the r of the world. The Third World debt crisis threatens the international ba ing system. There is a glut of agricultural production worldwide, mucl it caused by too much government s port and artificial incentives to produce.

Now is a time of change, fraugh with opportunity. The dawn of the i formation age offers challenges that free nations of the world are best pc to meet, and the United States best all. The example of Japan's economic cent under a democratic, free-marke orientation has invigorated Asia. Around the world, the American ex ple of democracy and free enterprise imitated, from the Philippines to Ko to Central America. Economic and p litical reforms in China, Hungary, ar even the Soviet Union demonstrate is true even behind the Iron Curtain There is a connection between freed and economic progress. We can be proud of our example.

There are pages we can borrow from the guide to Japanese success.

to reduce budget deficits, to in-
e productivity and com-
veness, and to make more
ous efforts to export quality
s.

apan looks to the United States
ees lessons for itself. Japan seeks
itate our success in higher educa-
Japanese brood over why a Jap-
scientist won a Nobel prize for
rch performed in the United
s, not at home where laboratories
ierarchically organized. Japanese
its now look at the U.S. experi-
for clues as their own multina-
ls adopt overseas manufacturing
egies to survive the rapid appre-
n of the yen.

After all the changes and adjust-
s in recent years, our $4.5 trillion
omy remains significantly larger
Japan's, at $2.7 trillion. Japan's
perity is dependent more than ours
able overseas energy supplies.
land prices, directly related to
n's protection of agriculture, deny
Japanese what is taken for
ted by middle-class Americans, the
y to own your own home. It is
ing to read that the total price for
n's land is more than twice that of
e land in the United States, with
natural resources and greater size.
In the U.S.-Japan relationship, as
any others, simplistic reactions to
e imbalances and economic adjust-
s are wrong, even counterproduc-
We see rising employment,
llent products, and new technolo-
emerging all around us. Despite
adjustments forced by Japanese
petition on many of our important
stries, the bottom line is that total
loyment growth in the United
es has outpaced that of Europe and
n in this decade. U.S. manufactur-
has achieved greater productivity to
t international competition, so that
y our exports are booming and the
ls-producing sector of our economy
vides 22% of gross national product,
ch is consistent with our historical
rage.

So it is within the context of our
al economic, political, and security
tnership that we must deal with the
ous trade imbalance between the
ted States and Japan. Our rela-
ship today is at once broader, more
plicated, and less divisible than just
w years ago. In our own interest,
must conduct our relations with
an in such a way as to maximize the
efit for the United States and for
an. If we do, together we will surely
efit the world. ■

# Visit of Japanese Prime Minister

(White House photo by Pete Souza)

*Prime Minister Noboru Takeshita of Japan made an official working visit to Washington, D.C., January 12–15, 1988, to meet with President Reagan and other government officials.*

*Following are remarks made by President Reagan and Prime Minister Takeshita following their meeting on January 13 and the text of the joint statement on economic issues.*[1]

**REMARKS, JAN. 13, 1988**

**President Reagan**

It has been a great pleasure to welcome Prime Minister Takeshita on his first visit to Washington since taking office in November. He is the leader of one of the world's great nations and one of America's most valued friends.

Our meetings were constructive and amiable. We discussed the vital issues of the day and established an excellent personal rapport. Good personal relationships between the leaders of Japan and the United States are essential as our two nations strive to confront the challenges of this century and the next.

During our discussions today, Prime Minister Takeshita and I found that our views on international questions coincide to a remarkable degree. We share an abiding commitment to democratic institutions and to free markets to protect freedom and human rights. We are dedicated to improving the economic well-being not just of our own people but of all mankind. In this regard, I was especially pleased with the Prime Minister's global economic perspective. He outlined significant plans for expanding Japanese domestic demand and stimulating growth. He reviewed Japan's plan to increase its foreign assistance budget next year to an amount second only to that of the United States. And he expressed Japan's determination to continue the process of economic adjustment.

The Prime Minister and I discussed and affirmed our support for the economic policy coordination process adopted at the Tokyo and Venice economic summits. A joint statement concerning our bilateral undertakings in that regard will be released shortly.

The U.S.-Japan treaty of mutual cooperation and security is the foundation upon which our relationship is built. I was satisfied to note that U.S.-Japan cooperation in the national security area is strong and growing and that Japan's recently announced budget provides for continued significant increases in the area of national defense. Japan's growing contribution to the maintenance of U.S. forces in Japan is of immense value to the United States. I might add that Japan's national defense program is entirely consistent with the concept of self-defense and in no way poses any threat to others.

During our meetings, I briefed the Prime Minister on the details of last month's summit. We agreed on the benefits of the INF Treaty, and he was encouraged by the possibility of even further arms cuts with the Soviet Union. I was gratified that the Prime Minister expressed Japan's fullest support of our actions, and I assured him that we would consult fully with all of our allies as we continue our discussions with the Soviet Union.

The Prime Minister and I recognized the danger posed to our mutual security in the export of certain kinds of high technology. The Prime Minister assured me that Japan has taken the necessary legislative and administrative measures to prevent technology leakage. I told the Prime Minister that I appreciated his actions and his commitment to the vigorous implementation of controls over exports of sensitive technology.

The Prime Minister and I concur on the importance of the new nuclear cooperation agreement. We believe it to be a good agreement, and we will exert our best efforts to have it come into force expeditiously.

The Prime Minister noted that Japan's global trade surplus is declining and underlined his determination to address bilateral issues. I was pleased with his assurance that he intends to resolve a particularly difficult trade issue—the problem of access for the U.S. construction industry—in a satisfactory manner.

We agree the Uruguay Round [General Agreement on Tariffs and Trade negotiations] must succeed and that revision of the world trading system should include a comprehensive reform of trade in agriculture and services. I expressed appreciation for the Prime Minister's efforts on trade, stressing the urgency of expanding opportunities for U.S. farmers and other exporters at a time of increasing pressure for protectionism here in the United States. We concurred on the importance of keeping trade flowing and barriers down. For our part, I intend to continue my efforts to reduce our budget deficit, improve American competitiveness, and combat protectionism.

We reaffirmed our determination to conclude a new science and technology agreement, with equitable and expanding research benefits for scientists of both countries. I expressed appreciation for Japan's initiatives to provide more than $4 million in science fellowships to American researchers. We also reaffirmed the spirit of the 1983 U.S.-Japan joint policy statement on energy cooperation.

The Prime Minister and I noted with satisfaction political developments in the Republic of Korea and our intention to help make the 1988 Olympic Games a success. We also pledged to do our utmost to help the Philippine Government and its people in this period of economic adjustment.

In sum, our talks were positive and forthright, and it's been a great pleasure to have the Prime Minister here with us in Washington. I look forward to being with him again in Toronto this spring.

**Prime Minster Takeshita**[2]

I'm extremely pleased with the results of the cordial and candid exchange of views I had with you today.

Thanks to your efforts over the past years, the historic INF Treaty was signed last month. I look forward to its expeditious entry into force. And as one representing a member of the West, I am determined to firmly support the President in his pursuit of substantive progress in East-West relations, where much remains to be done across a broad spectrum of areas.

The President and I confirm that the cooperative relationship between Japan and the United States, with the unshakable security arrangements as its cornerstone, is essential for the peace and stability of the Asia-Pacific region. I will continue my efforts, with the cooperation of the President, for further strengthening the credibility of the Japan-U.S. security arrangements.

I explained to the President that the Government of Japan has continued to provide the funds necessary for achieving its current defense program. Japan has also continued to increase its host-nation support for U.S. forces in Japan, whose stationing is an indispensable part of the Japan-U.S. security system. Moreover, in view of the recent economic conditions adversely affecting the financial situation of U.S. forces, I noted to the President that the Government of Japan has decided on its own initiative to increase further Japan's share of such expenditures.

The President and I agreed that today, more than any other time in history, policy coordination among major countries is required to ensure sustained growth of the world economy and to correct external imbalances. In this respect, we agreed that the roles to be fulfilled by Japan and the United States are of vital importance. We shared the recognition that, together with the measures taken by individual countries, stability of exchange rates is indispensable to the achievement of these goals as described in our joint statement.

Fully aware of the heavy responsibility commensurate with Japan's status in the international economy, I am determined to carry out a vigorous economic management policy with emphasis on domestic demand expansion to promote structural adjustment to the improved market access and to strive for a further steady reduction the current account surplus. In this connection, I explained to the Presid that despite an expected drop in net exports, Japan's growth for fiscal yea 1988 is now projected at 3.8%, a rate higher than the previous fiscal year, through the formation of the fiscal [year] 1988 budget geared toward do mestic demand expansion with a sub stantial increase in public works spending. I also explained the prosp for a $10 billion reduction in Japan's current account surplus for fiscal [ye 1988 through these measures. The P ident highly appreciated my explanation.

The President, on the other han explained that the measures for bud deficit reduction have been enacted based upon the recognition that defi reduction is essential to the stability today's world economy. I paid tribut the President for his endeavors.

With regard to various economi and trade issues which arise as a ma ter of course between two increasing interdependent economies of Japan the United States, the President an confirmed the basic posture that the solutions should be sought in the sp of cooperation and joint endeavors a with the aim of expanding, and not tracting, economic exchanges.

I expressed my hope that a mut ally satisfactory solution will be reached on the pending issue of acce to major Japanese public works on t basis of the proposal that Japan has cently made. I also stated to the Pr dent the need for early resolutions the pending issue of Japan-U.S. sem conductor trade.

The President and I exchanged views on the trade bill currently un deliberation in the U.S. Congress, a I expressed my firm support to the President's determination to contain protectionism. The President and I shared the recognition that this yea especially important for the success the Uruguay Round and agreed that our two countries should take the le in its promotion.

I explained Japan's intensive eff to prevent the recurrence of illegal d version of high technologies. The Pr dent highly appreciated the measure which Japan has taken for this purp In this connection, I expressed Japa deep concern about moves in the U.S Congress toward sanctions against f eign companies, including Toshiba C poration. The President and I agree on the importance of enhancing the operation in the field of science and

nology. I explained about my gov-
nent's initiatives to increase the
iber of American scientists who will
nvited to Japan for research. The
sident welcomed these initiatives.
I expressed my views concerning
recycling of funds to the developing
ntries, including the quantitative
qualitative improvement of our offi-
development assistance, in particu-
and stated that in the draft budget
fiscal [year] 1988, an increase of
% over the previous year was se-
d for ODA [official development as-
ance]. In this connection, I was
ouraged that the President apprecі-
l highly my recent participation in
ASEAN [Association of South East
an Nations] summit and my subse-
nt visit to the Philippines. The
sident and I affirmed, in particular,
ontinue our support to the Aquino
ernment and to welcome the Re-
lic of Korea's firm stride along the
l of democracy, as evident in the
nt presidential election, as well as
ooperate closely toward the success
e Seoul Olympics this fall.
The President and I agreed on the
ortance of the new Japan-U.S. nu-
r cooperation agreement and its
npt entry into force. The President
I, looking forward to a successful
onto summit, agreed to meet again
oronto.
In completing my meeting with
, Mr. President, I feel confident that
have strengthened further the foun-
on of the relations between our two
ntries. It is my determination to
d upon this basis to make Japan a
on that contributes to the world.
I wish to express my heartfelt ap-
ciation to President and Mrs. Rea-
for the warm welcome extended to
and my wife as well as our grati-
e to the American people for their
dness and consideration during our
y.

INT STATEMENT,
N. 13, 1988

sident Reagan and Prime Minister
keshita reaffirmed their support for
economic policy coordination proc-
adopted at the Tokyo and Venice
nmits. The President and Prime
nister endorsed the economic goals
l policies set forth in the December
statement of the G–7 [Group of
ven finance ministers]. They agreed
t the achievement of sustained non-
lationary growth and reduced trade
balances remains a top priority of

## Japan—A Profile

### Geography

**Area:** 377,765 sq. km. (145,856 sq. mi.); slightly smaller than California. **Cities:** *Capital*—Tokyo. *Other major cities*—Yokohama, Nagoya, Sapporo, Osaka, Kyoto. **Terrain:** Rugged, mountainous islands. **Climate:** Varies from subtropical to temperate.

### People

**Nationality:** *Noun and adjective*—Japanese. **Population** (Dec. 1985 est.): 121,180,000. **Annual growth rate** (1985): 0.6%. **Ethnic groups:** Japanese; Korean 0.6%. **Religions:** Shintoism and Buddhism; Christian 0.8%. **Language:** Japanese. **Education:** *Literacy*—100%. *Life expectancy* (1983)—males 74.2 yrs., females 79.8 yrs. **Work force** (58.0 million, 1985): *Agriculture*—9.5%. *Trade, manufacturing, mining, and construction*—34.1%. *Services*—48.1%. *Government*—5.9%.

### Government

**Type:** Parliamentary democracy. **Constitution:** May 3, 1947.

**Branches:** *Executive*—prime minister (head of government). *Legislative*—bicameral *Diet* (House of Representatives and House of Councillors). *Judicial*— Civil law system with Anglo-American influence.

**Subdivisions:** 47 prefectures.

**Political parties:** Liberal Democratic Party (LDP), Japan Socialist Party (JSP), Democratic Socialist Party (DSP), Komeito (Clean Government Party), Japan Communist Party (JCP). **Suffrage:** Universal over 20.

**Flag:** Red sun on white field.

### Economy

**GNP** (1985): $1.322 trillion. **Real growth rate:** 4.5% 1985; 4.3% 1975–85. **Per capita GNP** (1985): $10,922.

**Natural resources:** Negligible mineral resources, fish.

**Agriculture:** *Products*—rice, vegetables, fruits, milk, meat, silk.

**Industry:** *Types*—machinery and equipment, metals and metal products, textiles, autos, chemicals, electrical and electronic equipment.

**Trade** (1985): *Exports*—$175.6 billion: motor vehicles, machinery and equipment, electrical and electronic products, metals and metal products. *Major markets* —U.S. 37.1%, EC 11.4%, Southeast Asia 18.9%, communist countries 9.2%. *Imports*—$129.5 billion: fossil fuels, metal ore, raw materials, foodstuffs, machinery, and equipment. *Major suppliers*—U.S. 19.9%, EC 6.9%, Middle East 23.1%, Southeast Asia 23.4%, communist countries 6.5%.

**Fiscal year:** April 1–March 31.

**Exchange rate** (Sept. 1986): About 155 yen = US$1.

**Total net official development assistance:** $3.8 billion (1985 disbursements 0.29% of GNP).

### Membership in International Organizations

UN and several of its specialized and related agencies, including the International Monetary Fund (IMF), International Court of Justice (ICJ), General Agreement on Tariffs and Trade (GATT), International Labor Organization (ILO); International Energy Agency (IEA); Organization for Economic Cooperation and Development (OECD); INTELSAT.

Taken from the *Background Notes* of February 1987, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

their economic policies. They welcomed the recent actions of other industrial countries in support of these objectives, and called on the newly industrialized economies to play a more constructive role in fostering a strong world economy with reduced external imbalances.

The President stressed his determination to continue the progress that has been made in reducing the U.S. budget deficit. He indicated that the fiscal [year] 1989 budget to be transmitted to the Congress will continue the effort to reduce the budget deficit and will meet the deficit reduction objectives established in the Gramm-Rudman-Hollings budget legislation. The President also reiterated his pledge to veto protectionist trade legislation while seeking authority for the Uruguay Round of trade negotiations.

Prime Minister Takeshita indicated that Japan will pursue economic policies to continue its strong growth in domestic demand and to reduce its trade surplus. The Prime Minister reaffirmed his commitment to carrying forward structural reform of the Japanese economy through implementation of the recommendations of the Maekawa Report and by accelerating liberalization of domestic financial markets, including deregulation of domestic interest rates. To achieve sustained growth as well as to foster exchange rate stability, the Bank of Japan agrees, under the present stable price conditions, to continue to pursue the current policy stance and to make efforts to accommodate declining short-term interest rates.

The President and the Prime Minister believe that the close coordination of their policies within the framework of the arrangements adopted by the Venice summit is establishing the fundamental economic conditions for greater stability of exchange rates and that a further decline of the dollar could be counterproductive. In addition, they noted that their authorities are cooperating closely on exchange markets and have developed arrangements to assure the adequacy of resources for their cooperative efforts.

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[1]Text from Weekly Compilation of Presidential Documents of Jan. 18, 1988.

[2]Prime Minister Takeshita spoke in Japanese, and his remarks were translated by an interpreter. ■

# U.S. Japanese Relations

### Background

Since 1952 when the U.S.-Japan peace treaty went into effect, Japan has become a valued U.S. ally, a major economic power, and a staunch member of the Western community. In his January 1988 Washington visit, Prime Minister Noboru Takeshita restated the primacy of the U.S. relationship in Japan's foreign policy. Japan receives about 11% of U.S. exports—a share larger than that of any country except Canada—and we buy roughly one-third of Japan's exports. Our combined gross national product totals about one-third of world GNP. Close and cooperative relations with Japan form the cornerstone of U.S. policy in Asia. The President and Japan's Prime Minister, the Secretary of State and the Japanese Foreign Minister, and subcabinet level officials meet frequently on bilateral and global issues.

### Mutual Security

Japan's cooperation with the United States under the 1960 bilateral Treaty of Mutual Cooperation and Security has been crucial to peace and stability in East Asia. Japan hosts 60,000 U.S. troops and supports 7th Fleet ship visits and homeporting, including the only aircraft carrier battle group based overseas. Japan contributes $2 billion in host-nation support for U.S. forces. U.S. bases and facilities in Japan enable the United States to maintain regional defense capabilities, thus serving our mutual security interests. Although Japan's Constitution and government policy preclude an assertive military role in international relations, Japan has undertaken to defend its sealanes within 1,000 nautical miles, providing a credible deterrent to Soviet adventurism in Northeast Asia and allowing more flexibility for U.S. forces in case of emergencies in the Southwest Pacific and Indian Oceans. Defense spending increased an average 5.4% in real terms over the last 10 years, well above NATO's 3% goal. For FY 1988, the Japanese defense budget is $30 billion, fifth largest in the world and second largest of any non-nuclear power.

### Economic Relations

Japan is our largest agricultural customer and our third largest foreign i vestor. We are Japan's largest expor market and largest foreign investor. Our trade deficit with Japan was clo to $60 billion in 1986 and again in 19 Long-term capital inflows from Japa are estimated at $65 billion in 1986, with increasing direct investment in 1987. The United States, Japan, the United Kingdom, Canada, West Ger many, Italy, and France make up th Group of Seven industrial nations th have worked to coordinate exchange rates and economic policies to assur stable economic growth. The yen-do rate reached a high point of 262 yen dollar in February 1985 and lowered about 130 yen per dollar by January 1988. Over time this will help reduce Japan's global current account surpl ($86 billion in 1986) as well as our bi eral imbalance. Japan is shifting fro export-led to domestic-led growth p icies to reduce imbalances. After en ing $36 billion in domestic stimulus measures in 1987, Japan experience negative net external growth and strong domestic expansion and is ex pected to have 3.7% real GNP grow in its FY 1987 (April 1987-March 198 Japan's exports measured by volum fell 1.9% in 1987, while imports rose 8.2%. Japan's current account surpl should decline in 1988.

### East-West Issues

Japan has supported U.S. arms cont initiatives, including the U.S.-U.S.S agreement on intermediate-range nu clear forces, which will reduce Sovie missiles in range of Japan. Japan is member of the Coordinating Commi for Multilateral Export Controls (COCOM) that works to control stra gic exports to the Soviet bloc. Follo ing the Toshiba Machine diversion c Japan strengthened penalties, staffi and enforcement to prevent future d versions. Relations with the U.S.S.I have never been close, in part becau the Soviets since World War II have occupied four islands that the Japan claim as their "Northern Territories

### Relations With Other Nations

After relations with the United Sta Japan places primary importance on lations with its Asian neighbors. Ti between Beijing and Tokyo have de oped rapidly since 1978, and Japan i the leading donor of economic aid t

a. Japan maintains economic, but iliplomatic, relations with Taiwan. a receives significant Japanese eco- ic assistance as a result of a his- exchange of visits in 1983, 1984, 1986 by Prime Minister Nakasone President Chun. Japan has long- interests in the Persian Gulf, h supplies most of its oil, and will ice a $10 million system to aid navi- on by commercial ships. Tokyo pro- s economic aid to countries of egic importance to the West, such gypt, Turkey, and Pakistan, and ntly announced new programs for n ($200 million) and Jordan ($300 on) to promote regional stability. n has become increasingly active in ca and Latin America through mul- eral development projects. It has d the United States in support of refugee relief programs, UNESCO Educational, Scientific and Cul- l Organization] reform, a $21 mil- study of alternatives to the Panama al, and in many other activities that fit world peace and prosperity.

### istance to Less Developed ntries

986–90 Japan will disburse more $40 billion in foreign assistance, easing annual aid to more than billion. In 1986 Japan was the sec- largest donor of foreign aid, and an could surpass the United States he world's largest donor in the s. In 1987 Japan announced a $20 on program to recycle funds to de- ping countries without restricting chases with these monies to Jap- se goods. Subcabinet level consulta- is are held regularly to coordinate foreign assistance programs, and United States supports Japan's rts to open its markets to develop- countries' products. Japan's aid is tributed roughly 70% to Asia and each to Latin America, Africa, and Middle East.

en from the GIST series of January 8, published by the Bureau of Public airs, Department of State. Editor: Har- Culley. ■

# U.S. Removes GSP Status for Four Economies

### WHITE HOUSE STATEMENT, JAN. 29, 1988[1]

Because of their remarkable advancements in economic development and their recent improvements in trade competitiveness, President Reagan today has decided to remove four participants from the trade preference program that permits certain imports from developing countries to enter the United States duty-free. Effective January 2, 1989, Hong Kong, the Republic of Korea, Singapore, and Taiwan will be graduated from the generalized system of preference (GSP), a move that will affect nearly $10,000 million in imports.

Since its inception in 1976, the generalized system of preferences has been a program of temporary incentives rather than permanent tariff advantages. Through the years, we have regularly reviewed the 3,000 products from 141 beneficiaries that are eligible for GSP treatment and removed benefits from those products that no longer needed preferential treatment to compete in the U.S. market. Today's action is in keeping with the original intent of the program and with its operation during the past 12 years.

Over the past decade, Hong Kong, the Republic of Korea, Singapore, and Taiwan have made such tremendous strides in their economic development that they can now compete effectively in the United States without preferential treatment. Indeed, they have successfully fulfilled the objectives of the program. Last year nearly 60% of GSP benefits went to these four beneficiaries, a disproportionate amount for such advanced economies. Their graduation will open additional opportunities for the remaining beneficiaries—those most in need of the program.

This move should not be interpreted as penalizing any of the beneficiaries being graduated from the program. On the contrary, it reflects the great economic successes they have had. All four are good friends and valued trading partners. But the generalized system of preferences is a development program, and when GSP beneficiaries no longer need the program benefits, they should be graduated.

America's relationship with these four advanced developing economies has entered a new phase, one that is characterized by greater equality. The United States admires their economic achievements and their advancement toward full partnership in the international trading system. We look forward to continued friendship and even closer economic ties in the years ahead.

### WHITE HOUSE FACT SHEET, JAN. 29, 1988[2]

The generalized system of preferences is a program of tariff perferences granted by the United States to developing countries to assist in their economic development. Nineteen other countries also maintain GSP programs. At present the United States grants duty-free treatment to approximately 3,000 products from 141 beneficiaries. Since the program's implementation on January 1, 1976, the value of GSP-eligible benefits has risen from $3,200 million to $13,900 million in 1986.

GSP-eligible imports from Hong Kong, the Republic of Korea, Singapore, and Taiwan totaled nearly $10,000 million in 1987. These four beneficiaries alone accounted for 58% of all GSP duty-free trade in 1986 and about 60% through the first 10 months of 1987.

The President took this action after examining a broad range of economic development and competitiveness indicators, including their per capita gross national product, their economic growth rates, and their ability to export manufactured goods into the United States. He has directed the U.S. Trade Representative [Clayton Yeutter] to prepare the necessary documentation to implement his decision.

Although GSP trade with these four beneficiaries is nearly $10,000 million, their graduation from the program will have limited impact on their economies. GSP trade represents only 15%–20% of their total trade with the United States. Furthermore the average U.S. tariff on GSP-eligible items is only about 5%.

[1]Text from Weekly Compilation of Presidential Documents of Feb. 1, 1988.
[2]Text from White House press release. ■

# The U.S. Approach to Eastern Europe: A Fresh Look

*by John C. Whitehead*

*Address before the Washington Institute of Foreign Affairs on January 19, 1988. Mr. Whitehead is Deputy Secretary of State.*

The Eastern Europe we have known since World War II is on the verge of dramatic change. The push for change comes from many different sources—from the Soviet Union, from restless populations, and from the demands of the world economy. This change, when it comes, will present both dangers and opportunities to the United States. We must seek to avoid the dangers and to capitalize on the opportunities.

More than 40 years ago, in Fulton, Missouri, Winston Churchill described how Europe had come to be divided: "From Stettin on the Baltic to Trieste on the Adriatic, an Iron Curtain has descended across Europe," he said. Behind it to the east was a third of a continent. There, on the other side, were vigorous nations—some old, some new—with rich cultures and great potential for creativity and development in freedom. The curtain which descended on them was drawn by the Soviet Union. It was not drawn by the Soviet Union's wartime allies or the people of Europe on either side.

We are all familiar with the world that has evolved in Europe since Winston Churchill's speech. It is a world where heavily armed camps have confronted each other across an artificial divide; a world where the legitimate aspirations of formerly independent peoples have been smothered by an uninvited presence; a world where the Western half has blossomed with economic vitality and cultural and political diversity while the East has consoled itself with struggling economies and questionable regimes propped up by habit, by fear, and, when need arose, by military intervention.

### Potential for Change

But more than at any other time since Churchill spoke, the world of Eastern Europe is now ripe for change. The impulse to change is a constant generated from within and is reinforced from outside. Improved U.S.-Soviet relations, and the INF [Intermediate-Range Nuclear Forces] Treaty that is one tangible result of that improvement, have eased tensions in Europe, East and West. The Soviet Union itself, under General Secretary Gorbachev, has altered the rules of the game. No longer the ham-handed enforcer of Stalinist doctrines of central planning, Gorbachev's Soviet Union is promoting economic and political reforms in the countries of the area and has gotten far ahead of the aging leaders of some of them. In others, like Hungary and Poland, the impulse toward reform has already led to significant liberalization. Our own policies, which have remained remarkably consistent through Democratic and Republican administrations over four decades, have encouraged diversification and closer ties with the West.

The Soviets' true motives in Eastern Europe are still the subject of much discussion. And, let us be clear, the long-run Soviet interest in maintaining a hegemonic relationship with Eastern Europe has not changed, although the Soviet definition of what this means in practice may have evolved. The resistance to genuine reform is strong in countries like Czechoslovakia and East Germany. But there is no question that a confluence of easing East-West tensions, the reform process in the U.S.S.R., and enlightened self-interest present the United States and the West our most important opportunity in Eastern Europe in the four decades since Winston Churchill's speech.

Eastern Europe is in flux. Its political elites have been cast adrift, in terms of role models and reference points to the Soviets. We in the United States now have a unique and perhaps short-lived chance to influence change in Eastern Europe in the direction of political and economic liberalization. These countries are looking for new solutions to their stubbornly familiar problems. Our challenge is to make sure they look to the West for some of these solutions and that meaningful political as well as economic change occurs in a peaceful and permanent manner.

### Observations and Findings

I have been fortunate to have had a r to play during this critical period. In the summer of 1986, Secretary of Sta Shultz asked me, as his deputy, to ta a special interest in U.S. relations w the countries of Eastern Europe. I v comed the challenge. As a private ci izen I had had an active personal interest in the area for many years. believed new opportunities were eme ing for enhancing ties to the mutual benefit of the individual countries ar the United States. I found a solid fou dation of policy continuity, which enj a bipartisan consensus in this countr I found a strong team of interested a experienced officials in place in the t Department of State and other U.S. Government agencies. Drawing on these assets, I have since visited eve Warsaw Pact country, as well as Yugoslavia—some more than once—am now going back for followup visit including a trip week after next to Poland, Bulgaria, Romania, and Czechoslovakia.

In every country I have visited, have talked with the leaders of the g ernment and the ruling party. I have also taken every opportunity for dis sions with leading representatives o significant groups who oppose the g ernment and the party. In Czechosl vakia, for example, I met both with Czechoslovak Communist Party Polit buro member Vasil Bilak and with spokesmen for Charter '77, a movem dedicated to the preservation of poli cal and moral values. In Poland, I m with Chairman Jaruzelski, with Cardinal Glemp, and with Solidarity lea Lech Walesa and his senior colleagu

In every country, I have sought broad range of contacts which would give me a clear picture of local condi tions from contrasting and sometime competing points of view. In this I w merely building on the practice of ou resident diplomats, who in recent ye have made such contacts a normal p of their legitimate activities. This ha benefited U.S. understanding of loca conditions and has had a good effect how the United States is seen. It ha enhanced the quality of our official r tions as well. Finally, I have sought found opportunities to learn about n tional, political, and cultural traditio

t economic organizations; and
t cultural and economic ties with
United States.

What have I found? On the one
, I have found these countries
e a number of undesirable traits.
y Warsaw Pact country has similar
tures and habits of arbitrary gov-
nent and party rule. Even in a
try as independent from the Sovi-
s Yugoslavia, it is still possible to
jail for nonviolent expression of
pproved political opinions. There
been a tremendous expansion of in-
rial plants, of education, of health
ices in Eastern Europe. But expan-
has taken place within very similar
eworks designed to impose central
rol over every significant aspect of
nal life.

If that framework was ever an effi-
vehicle for mobilizing and direct-
scarce resources, it no longer is.
rywhere and in almost every area,
a constraint. It stifles initiative
imposes unnecessary limits on fur-
development. Where it creates in-
ives, they are incentives to produce
wrong goods for the wrong mar-
, to educate young people for the
ng jobs or no jobs at all, to guaran-
employment in the wrong sectors.
hort, the system creates incentives
aste and misallocate resources and
an energies. Compared to Western
ope, the United States, and East
, I found an ocean of grayness, un-
ainty, and discouragement.

But I also found, in every country,
nds of initiative and creativity, both
de and outside the governments and
parties. Everywhere there are men
women who see that the old forms
rganization and the old political
ures are now obstacles to further
gress. They recognize that the old
s no longer mobilize new resources,
block the efficient use of what they
e and the creation of what they
t. In some countries, this recogni-
has penetrated government strat-
and programs. To be sure, there
powerful vested interests opposed
hange, and the institutional obsta-
to real change in the right direc-
are immense. But governments are
longer the preserve of the politically
er and economically illiterate. There
spreading consciousness in the
ty elites that, as the people in each
ntry have long known, real change
equired if the country is to advance.

In each country, finally, I found
t the drive is not only to modernize
to modernize in ways that enhance national identity and support national aspirations. In other countries this might lead toward isolationism, toward self-absorption. Not in Eastern Europe; here, strengthening national identity is associated with an end to isolation, with breaking down barriers within society and between countries, with rejoining Europe and the world. Today's East Europeans want to contribute, to be sure. They no longer see themselves as merely on the receiving end of East-West economic transactions and cultural ties. They are people who have suffered long, worked hard, and have achievements they wish to share. They do not wish to give them up. They are seeking to transform rather than destroy what they have.

To some extent, this resembles the Soviet situation under Gorbachev. But it is important to recognize that ferment in Eastern Europe has indigenous roots in history and in the gap between reality and opportunity in each country. It antedated the reform impulse in the Soviet Union. While there may be parallel paths for reformers in the Soviet Union and individual East European countries in the period ahead, the appetite for change will persist in the area, whatever happens in the Soviet Union. The motor is not in Moscow, but in Warsaw, Budapest, and Sofia, and it is driving in the right direction.

But perhaps the most important thing I found in my visits was the astonishing diversity in countries often considered to be a single faceless bloc. These are countries with dramatically different cultures, languages, and histories. Some have been conquerors; others, the conquered. Some are Roman Catholic; others, Muslim and Orthodox. Their topography ranges from fertile landlocked plains to barren coastal mountains, and their people are as different as their geography.

### Building Better Relations

The U.S. policy toward Eastern Europe has always been based on a recognition of this diversity. Americans of every political stripe, in and out of government, want the nations of Eastern Europe to be proud, free, and prosperous. We want them to be nations in their own right and refuse to consider them as part of a faceless bloc. We believe that Europe and the world will be more stable when the peoples of the area become more free to assert and develop their own personalities and become more modern.

For the past three decades, and formally for the past dozen or so years, the United States has pursued a policy of seeking to improve official ties and to develop unofficial ties with each individual country at whatever pace it can stand. During my trips to Eastern Europe, I have laid out an agenda of areas where the United States would like to make progress as a condition for better relations and invited these nations' leaders to make step-by-step progress.

High on our list of priorities in every country is human rights and the extent to which a country is moving toward greater pluralism and democracy. During my recent trip to East Berlin, for example, I told Erich Honecker that it was impossible for the United States to understand a country that shoots its own citizens for trying to escape across the Berlin Wall, and I received indications these shoot-to-kill orders at the wall had been rescinded. I have quizzed Zhivkov of Bulgaria on the way he treats the Turkish minority. Romania's whole approach to human rights and fundamental freedoms—not only its treatment of its Hungarian minority but its treatment of its entire population—will be on my agenda during my upcoming trip there. I have urged Polish authorities to begin a real dialogue with Solidarity. Only through a dialogue with the church and with the Polish people can the cycle of cynicism, unrest, and repression be broken.

Also on our list of objectives is improved trade. Our trade with Eastern Europe is small, both as a percentage of our trade and as a percentage of Eastern Europe's trade with the West. But our exports to some of these countries have grown significantly in the last year. Our 1987 sales to both Poland and Hungary, for example, were up more than 30% over 1986. There are reasonable opportunities for further growth: aircraft, food processing, and nonstrategic computer equipment are areas for true opportunity worth exploring. The Hungarians have even set up a graduate management institute to teach Western business practices to their executives.

These kinds of contacts with the West help move these countries incrementally onto their own paths of development. To the extent they can show independence in business dealings, they may also come to show independence on other matters of interest to the United States, from votes in the United Nations to the fight against international terrorism.

Of course, since every relationship between governments is a two-way street based on a balance of benefits, it is just as important to consider what the countries of Eastern Europe want from us. In general terms, what these countries want most is to rejoin the modern world. There was, perhaps, a time when the Stalinist approach to domestic arrangements and foreign policy seemed modern and efficient, but that belief is dying where it is not already dead. Important elements among both those who govern and those who are governed in these countries are now seeking to minimize or eliminate the constraints which keep the country backward. These constraints include rigid structures, excessive centralization, and the lack of a two-way street in relations between the state/party apparatus and the people.

Because of these constraints, Eastern Europe is playing catch-up ball in a game where the rules are changing. We in the West have a hard enough time adjusting to the pace of social and political change driven by technological and scientific development. Such adjustment is a disaster in Eastern Europe. The transition to an information age means increased economic marginalization for many of these countries, since neither the raw materials nor the heavy industrial goods they produce are now as important as they need to be, and the Stalinist system is inefficient when it comes to knowledge-based production.

As a result, what the countries of Eastern Europe want most from us is economic support. Since the United States is and will continue to be an important decisionmaker in international financial institutions and remains critically innovative when it comes to new forms of economic activity and organization, we have the leverage to integrate all aspects of policy—political, economic, cultural—in our developing relationships. East European countries know that they will have to take into account America's most basic objectives, involving values rather than goods, if they are to move ahead in the economic field.

Judging by my three, soon to be four, trips to Eastern Europe, I believe our approach is working. We have new consular conventions with Czechoslovakia and Yugoslavia and a science and technology agreement with Poland. We have achieved better cooperation on fighting international terrorism with a number of the countries. We have won important concessions on human rights in East Germany and Romania. These would be important at any time in our relations.

But, as I said at the beginning, activist approach to Eastern Europe even more critical now, when the pas barriers to change erected and main tained by the Soviet Union and by tl Stalinist model for 40 years have bee partially lowered. We have had a ten dency in the United States to focus ( Eastern Europe only at times of cris Now we have an opportunity to help effect real change in a direction favo able to our interests without upheav that would endanger all our accompl ments to date. We should not squand that opportunity. ■

## U.S.-U.S.S.R. Meeting on Fisheries Issues

**JOINT STATEMENT, JAN. 29, 1988**

U.S. and Soviet fisheries delegations met in Moscow during January 26–28 to discuss a broad range of fisheries issues of mutual concern. These talks were held in the spirit of the joint American-Soviet statement between President Reagan and General Secretary of the Central Committee of the Communist Party of the U.S.S.R. Gorbachev concerning fisheries and other matters of mutual interest of December 10, 1987. The U.S. side was headed by Ambassador Edward E. Wolfe, Deputy Assistant Secretary for Oceans and Fisheries Affairs, U.S. Department of State. The Soviet side was headed by Dr. V.K. Zilanov, Chief, Department of Foreign Relations, Ministry of Fisheries of the U.S.S.R.

Both delegations characterized the talks as highly productive. It was agreed that the two sides would soon conclude arrangements allowing acces by U.S. fishing vessels to the econor zone of the U.S.S.R. on the same ter as the U.S.S.R. vessels now have in t U.S. exclusive economic zone, as provided in the current U.S.-U.S.S.R. fisheries agreement.

The two delegations also agreed immediately form a bilateral U.S.-U.S.S.R. working group on fisheries the Bering Sea. This group will inclu legal, scientific, and technical specialists of both sides which will devel recommendations for dealing with increased fishing in the Bering Sea. Plans are for this group to meet in la February or early March in the Unit States.

The talks included finalizing plar for a March industry-to-industry mee ing in the Soviet Union to discuss po sible fishery commercial joint ventur and plans to address additional scien tific and other issues to improve over bilateral fisheries cooperation on a m tually beneficial and equitable basis.

# 5h Report on Cyprus

## E SAGE TO THE CONGRESS, L 22, 1988[1]

:cordance with Public Law 95–384, I ıbmitting to you a bimonthly report ]ogress toward a negotiated settlement t: Cyprus question.

'he United Nations Secretary General ı:red his latest biannual report to the c·ity Council on Cyprus on November ,87, a copy of which is attached. The e:tary General highlighted a number of ıauing concerns. These included the a ock in the negotiating process, his :sting unease over the military buildup ›th sides on the island, a Greek ıiot women's march that violated the ·rity of the buffer zone, and the con- ıg presence of students in Varosha. Secretary General also mentioned that 'ommittee on Missing Persons (CMP) 'requently during the past 6 months. CMP is to be commended for efforts to erate its investigation and its declara- of a "firm intention to reach a conclu- stage as soon as possible."

'he Secretary General underscored eed for the parties to foster an atmo- re that would reduce tensions and to erate fully with his new Special Repre- ıtive. We share the Secretary Gen- : concerns and fully agree with his ıgs on cooperation and reducing ons.

The Secretary General's new Special Representative for Cyprus, Mr. Oscar Camilion, traveled to Cyprus, Greece, and Turkey in early December. Mr. Camilion met with Cypriot Foreign Minister [George] Iacovou, Turkish Cypriot leader Denktash, and high-level officials in Greece and Turkey. We understand that the new Special Representative was well received and is preparing to return to Cyprus in the near future to begin his efforts to help the parties toward the goal of a lasting, mutually acceptable settlement.

The United Nations Security Council unanimously adopted Security Council Resolution 604 on December 14, extending the mandate of the United Nations Force in Cyprus (UNFICYP) for another 6 months. The resolution also requests the Secretary General to continue his mission of good offices in Cyprus.

Unfortunately, the financial condition of UNFICYP, which is totally supported by voluntary contributions, continues to worsen. Seven of the eight troop-contributing countries recently sent joint letters to the Secretary General and to the Security Council President for December (the Soviet Union) pointing out that UNFICYP's accumulated deficit, which they bear, has now passed $160 million. The November 30 Secretary General's report to the Security Council remarks that UNFICYP is fulfilling its mission in an exemplary manner under difficult conditions and that its presence remains indispensable. We concur emphatically with the Secretary General's assessment and continue to urge other countries to increase or initiate contributions to UNFICYP.

We continued active consultations with parties and individuals interested in the Cyprus dispute during the past 2 months. Special Cyprus Coordinator M. James Wilkinson responded to requests for meetings from Cypriot Presidential candidate George Vassiliou and from a delegation of the Cypriot Committee of Relatives of Missing Persons on November 18 and 20, respectively. Special Cyprus Coordinator Wilkinson and Department of State Deputy Assistant Secretary [for Human Rights and Humanitarian Affairs] Robert W. Farrand also held separate meetings on December 3 and 4 with a delegation from the Committee for the Restoration of Human Rights throughout Cyprus.

Sincerely,

RONALD REAGAN

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[1]Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and Claiborne Pell, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Jan. 25, 1988). ■

# The Semantics of Human Rights

*by Richard Schifter*

*Address before the Conference on Human Rights and Religious Freedom sponsored by the Giorgio Cini Foundation, in Venice, Italy, on February 4, 1988. Ambassador Schifter is Assistant Secretary for Human Rights and Humanitarian Affairs.*

In the last few decades, an international debate has raged over the various classifications of human rights. We have heard discussions of what have often been referred to as "civil and political rights," which have been either bracketed with or juxtaposed to what are called "economic, social, and cultural rights." Some theoreticians in the field of human rights have also spoken of a first, second, and third generation of human rights.

**The first generation** has generally been viewed as encompassing civil and political rights, the rights so clearly enunciated by the writers and thinkers of the Enlightenment in the 18th century.

**The second generation** of human rights is generally assumed to include the aforementioned "economic, social, and cultural rights." In learned discussions of the subject, it is said that these are the contributions of the Marxist-Leninist societies.

**The third generation** appears to be a concoction of issues developed during the last quarter century, including what has been referred to as the right to a clean environment, the right to die, and other relatively new matters of social concern.

Nuclear disarmament has also been injected into the debate under the rubric "right to life." (I might note that anti-abortionists who use the same term have evidently not attempted to advance their cause in the context of the international human rights debate.)

As a footnote to this introduction of the three so-called generations of rights, let me point out that the attribution of the second generation to Marxist-Leninist thinking is historically and substantively inaccurate. If you take a good look at the rights spelled out in the Universal Declaration of Human Rights and the Covenant on Economic, Social, and Cultural Rights, you will find that they fit into the program of Franklin D. Roosevelt rather than Karl Marx or Lenin. And that should not be surprising. After all, it was Eleanor Roosevelt, President Roosevelt's widow, who, in her capacity as Chairman of the UN Human Rights Commission, played a very important role in the framing and ultimate adoption of the Universal Declaration, whose text served as a basis for the framing of the covenants.

### The Relationship Between Government and the Individual

The point I would like to make to you today, and this is the theme of my talk, is that a good many of us have fallen into a semantic trap. Rather than getting to issues of substance, we often debate *ad nauseam* the question of what does or does not constitute a human right. It is a debate which has become extraordinarily sterile.

I would suggest that we try to deal with these topics by using different terminology. The bundle of issues with which we are here concerned focuses on the relationship between government and the individual citizen. Let us divide that bundle between, on one hand, the limits imposed upon government to safeguard the integrity and dignity of the individual and, on the other hand, the affirmative programs and policies to be conducted by government to achieve the same ends. And let us say further that the fact that we are dealing with one large bundle of relationships between government and the individual does not mean that that entire bundle must, at all times, be discussed jointly or that the same persons are qualified to discuss every single issue that comes up in this context. In my country, at least, the typical expert on the right to freedom of expression is not normally an expert on the delivery of medical care to the elderly.

Nor is there value in debating the question of which set of relationships is more important than the other. Let us simply say that all are important. That point is well illustrated by a story I heard quite a number of years ago, which, I believe, is also applicable today. It is the story of two dogs meeting at the Czechoslovak-Polish border. One dog, seeking to cross from Czechoslo- vakia to Poland, is slightly on the fat side and well-groomed. The dog seek to cross from Poland to Czechoslovak is bedraggled and scraggly. The dog leaving Czechoslovakia asks the othe one: "Why are you going to Czechosl vakia?" The other dog answers: "To eat," and continues: "But why are yo going to Poland?" The first dog answers: "To bark."

This story is not only political co mentary on comparative conditions i Czechoslovakia and Poland. It is also profound observation about the instinctual character of the drive to ex press oneself. The philosophers of th Enlightenment defined that instinct. They built an ideology around it. Bu they did not invent the human drive freedom. They described a phenomenon, an essental aspect of human nature.

It follows that the desire to be free, to be able to express oneself, t write as one pleases, to worship God accordance with one's conscience or to worship God—all these are not th inventions of Western civilization. Tl reflect natural human aspirations an that is, indeed, why an ideology bas on them has worldwide appeal and h understandably, served as an underp ning for such international standard-setting instruments as the Universal Declaration of Human Rights.

But then there are those who ar gue that persons who are starving a not concerned about freedom of spee That may very well be true. But wh we of the West say is that the choice before humanity is not one of starvi in freedom and eating in slavery. On the contrary, as we look around the world, we can see that freedom and prosperity go hand in hand. The idea solution is one in which we, unlike tl Czech and Polish dogs in my anecdot can both eat and bark.

What we frequently hear at inte national gatherings is that one of the principal differences between the tw major options of governmental syste offered the world today is that one p attention to the special concerns of a few individuals and the other cares about the welfare of the masses. I su mit to you that if one really cares ab

asses, one must also care about and every individual that makes e mass. Otherwise, as is often the "caring" becomes an abstraction, ue promise that is not sought to alized.

Vhat we, who profess the demo- ideology, believe is that, as as Jefferson put it when he wrote eclaration of Independence, we l endowed with certain unaliena- ghts, including the right to life, y, and the pursuit of happiness. rights, we believe, may not be dinated to any allegedly higher ive, as determined either by a potentate or a collective, self- tuating leadership group. In other s, we do not subscribe to what in ian terms is called "democratic alism."

n the countries in which principles ividual freedom are now well es- hed, the basic precepts of individ- eedom are not even the subject of nent. Such debate as still con- s deals with what we might con- marginal questions, such as what llowable restrictions on pornogra- how serious must be a person's al illness before such a person can voluntarily committed to a psychi- institution; what may government restrict freedom of assembly if nstrators interfere with access to lic building? But, as I have said, asic precepts are not in doubt and ubject to argument.

We are then told that with all the tion paid to these freedoms to , publish, or assemble, we neglect nemployed, the homeless, the sick. nyone paying attention to these is- of public policy?" is the challeng- uestion posed to us in debates. My response is that precisely be- e the issues of basic freedoms have me so noncontroversial, public de- and election campaigns in the cratic world do, indeed, revolve nd questions of economic and social y, not because anyone has called "rights" or outlined them in a titutional document but because are often in the forefront of the king of our ultimate decision- ers, the voters. Voters choose ng candidates on the basis of who, eir opinion, advocates better solu- s to the problems that we face in economic and social sphere. It is in context that the issue is not one of nise, of writing guarantees into constitutions and other basic documents, but one of delivering results.

Since the beginning of the century, one of the principal arguments in the political arena has, indeed, been the question of which system of government can deliver the best solution to the problems we confront in the economic and social sphere. By now, in the ninth decade of the century, it appears that the verdict is in. With all the problems that we in the democratic world still face, that we continue to grapple with day by day, the private-incentive system has proved itself better capable of delivering the goods than the various collectivist experiments. As we all know so well, the country which operated the largest collectivist program in agriculture abandoned it totally about 8 years ago and thereafter experienced an extrordinarily rapid growth in agricultural production. It is now trying to reintroduce private incentives into all other aspects of economic enterprise. And, more recently, in other Leninist countries, we hear talk of restructuring, the term that concedes that the collectivist command economy has proved to be a massive failure.

### The Limits of Government

Let me now return to my point of departure. We need to gather at conferences such as this one to gather those experts, practitioners, and thinkers who are prepared to discuss the basic principles of human freedom and personal dignity and the limits which must be imposed upon the powers of government to assure respect for those principles internationally. And there is, most assuredly, nothing wrong with holding meetings for the purpose of discussing ways and means of dealing with the problems of unemployment, as well as vocational training, the advisability or inadvisability of subsidizing uneconomic enterprises, of the creation of make-work jobs. We could also discuss differing approaches to the encouragement of the construction of quality housing, providing adequate, safe, and sanitary dwellings for those who are now ill-housed, the furnishing of medical care of quality, and provisions to be made for the elderly. All this should be done by qualified experts in the fields in question and should not be injected into discussions on the limits of government, which deal with issues, as I noted earlier, in a wholly different area of expertise.

This conference, devoted to the themes which relate to the limits of government, should, therefore, appropriately deal with the major threats to individual dignity and freedom which are posed by the authority of the state. It is appropriate, I suggest, to go through the relevant articles of the Universal Declaration of Human Rights which were thereafter incorporated into the Helsinki Final Act and determine where shortfalls can be identified and how steps could be taken to encourage correction in these shortfalls.

For today, almost 40 years after adoption of the Declaration and 12 years after the signing of the Helsinki Final Act, the limitations imposed on governments to protect the individual's liberty; security of person; freedom of thought, conscience, and religion; freedom of expression; and similar freedoms are, in many places, consistently and deliberately violated. These violations must not be ignored, for ignoring them means betraying the heroes and heroines throughout the world who take great risks and make major personal sacrifices, endangering their life and personal security so that the cause of freedom may live. It is to them that we all owe a debt of gratitude. And we must continue to discharge that debt by speaking up on their behalf wherever and whenever we can. ■

# Visit of Egyptian President

(White House photo by Bill Fitz-Patrick)

*President Hosni Mohammed Mubarak of the Arab Republic of Egypt made a state visit to the United States, January 26–30, 1988. While in Washington, D.C., he met with President Reagan and other government officials.*

*Following are remarks made by the two Presidents at the arrival ceremony on January 28.*[1]

**President Reagan**

Welcoming good friends to Washington and to the White House is one of my more pleasant responsibilities as President. I'm especially pleased today to greet, once again, President Mubarak, a personal friend and a friend of the United States. President Mubarak is the proud leader of a proud land: Egypt, a country with a special fascination for Americans; Egypt, a venerable society rich in culture, a country not unaccustomed to making history.

Americans learn from their earliest school days about Egypt's extraordinary place in the history of civilization. And recent history records that our two countries were partners in one of the monumental events of our era: the securing of peace between Egypt and Israel. The first step toward ending the cycle of violence in the Middle East was as arduous, painstaking, and wrought with danger as any that a country ever made. It was a tremendous accomplishment and a tribute to the vision, courage, and sincere desire for peace on both sides. And, President Mubarak, we're heartened by the progress that continues under your dynamic and responsible leadership.

In the past few months, Arab countries that broke relations with Egypt years ago have resumed diplomatic relations with your country. It's a victory for the cause of peace and a tribute to your steadfastness as well as a recognition that Egypt is again exerting the leadership role it has traditionally played in Arab councils. We applaud you at this moment, when time and events have proven you right.

The United States and Egypt continue to work together to broaden the peace that started with that first step 10 years ago. The recent explosion of violence in the West Bank and Gaza, and the sad toll it has taken in lives and injuries, vividly remind us that much remains to be done. The danger of allowing the Palestinian problem to fester is evident and reinforces the urgency of moving toward negotiations: hard work, creativity, and a willingn to take practical, not merely rhetori steps are needed.

If peace is to be achieved, if another giant step is to be made, muc depends on Egypt and the United States. We are partners in this endeavor, and Egypt's own experience provides it with special insights. I'm looking forward to discussing with y your ideas as well as our own thoug on how to ensure that hope displace despair and real progress is made to ward peace.

Both of our countries also look distress on the seemingly endless co flict between Iraq and Iran. The lat aggressive measures to intimidate a destabilize other countries in the gu and elsewhere in the Middle East an reprehensible and reason for alarm. Both the United States and Egypt strongly support UN Security Cour efforts to end the war, and we share firm commitment to freedom of nav tion in the region and the security friendly gulf Arab states. As your r cent trip to the gulf clearly demonstrates, Egypt has a vital role to pl in the pursuit of these goals; and I' pleased to have this opportunity to cuss how we can work together to achieve them.

The scope of our cooperation, c course, goes far beyond the formul of foreign and diplomatic policy. Eg and the United States have also ma common cause in advancing Egypt's economy and bettering the living st ard of its people. America's contrib tions to agriculture, industry, powe generation, and private sector deve ment stand as visible symbols of ou broader partnership for progress, a partnership that we expect to bene both our peoples for many years to come.

All Americans are especially de lighted that your visit will take you yond Washington. I hope that in th limited time you have you'll capture glimpse of America's heart and sou You'll find it in cities and towns acr the country, in businesses, in unive sities, and in our churches. And th you'll find a love of freedom and a g ine good will to you and the people Egypt. Your visit, I know, will strengthen the bonds and expand t potential of American and Egyptian friendship.

closing, I'd like to share with bit of history. Some may not real- at the U.S.-Egyptian collabora- n security issues goes back over ars. Shortly after the American War, General Charles Pomeroy and General William Wing Lor- ogether with some 50 other of- from the Union and Confederate s, went to Egypt to work with gyptian Armed Forces. They d on military training, helped then coastal defenses, and shared ideas and their experience.

eneral Stone left Egypt in 1878, is last job after his return to the d States provides a fitting symbol enduring relationship. Stone was to design and construct the base huge statue, designed and con- ed by a Frenchman, presented to nited States by the schoolchildren ance. Stone went to work with his energy. He gave lectures on t to help finance the project, and ed two of his former colleagues his days in Egypt to help with ng the plans and erecting the ture. So, Mr. President, when you at the Statue of Liberty, you can oud that those who built its solid spent nearly a decade in the serv- Egypt, building a base as well for elationship.

Today we offer you our welcome elebrate the solid friendship be- n our countries. President arak, welcome.

**ident Mubarak**

again we meet in your glorious al in order to strengthen the bonds endship and understanding be- n our peoples. The Egyptian peo- re sending you and each and every rican warm greetings and heartiest es for success and fulfillment. They value the United States as a d and a partner in the search for e and progress. This friendship is a ng one, for it is based on mutual ect and a profound conviction that ations, regardless of origin and de- , share a common interest in the ervation of peace and maintenance curity. Over the years, our Ameri- friendship has served as a force of ility and progress; today it remains rce of hope and promise. We are rmined to deepen this friendship intensify our cooperation for our non good.

President Reagan has made a great contribution to the process of strengthening these ties and deepening their roots. He's a man of wisdom and conviction. During the past few years, he has taken many steps for the purpose of enhancing world peace and security. We commend him on his recent achievement and congratulate the American people on the courageous steps that are certain to reduce tension and pave the way for a better future for mankind.

People of good will should build upon it in the years ahead to eliminate insecurity and stop violence and suffering throughout the world. Sincere and concrete and concerted efforts are urgently needed for solving regional conflicts. In this respect, the Middle East is a region that requires special attention and top priority. It is confronted with great challenges and rising dangers. The United States can do much to help all nations of the Middle East cope with these problems.

A few days ago I met with most of the area's leaders, and it was their consensus that certain steps must be taken urgently and effectively in order to check the continuous deterioration of the situation in different parts of the Middle East. This is needed not only to safeguard the interests of the region's people and save the lives of millions of innocent individuals but also to protect vital American interests.

The futile war which is raging in the gulf threatens the safety and the security of all parties. It endangers the freedom of navigation and blocks the flow of strategic materials that are essential in international trade as well as the prosperity of many nations. It's an illusion to speak of restricting the theater of operations. Even if it happens, the fallout from the war would certainly spread throughout the region. Therefore, the only real solution is to end the war immediately and to bring the dispute to the negotiating table.

The tragic situation in the West Bank and the Gaza is another source of alarm and concern. It is evident that the continuation of occupation and oppression would bring loss to and inflict damage on all the parts without exception. It would badly hurt American interests in the Middle East. It deals a devastating blow to our peace efforts at a time when we are looking for a breakthrough.

In the course of our discussion today, we shall focus on these issues in full awareness of their importance and ramifications. We shall exchange views candidly and sincerely and examine certain ideas designed to generate a new momentum and initiate movement.

We realize that many governments are preoccupied this year with domestic matters and international events. But history does not stop, and it is an absolute must that we continue to move forward to attain our objectives. This is the crux of public responsibility.

In the past few weeks, we noticed with satisfaction that the United States, under the leadership of President Reagan, has taken courageous steps in the right direction. This active role must continue for our mutual benefit. The risks involved here cannot be compared with the damage that is certain to result from inaction and stagnation.

African problems need greater attention, too. The debt problem is crippling growth and development in most parts of our continent. An equitable solution must be reached if we want to save the lives of millions who face the danger of starvation and fatal disease.

On the other hand, we cannot accept the continuation of the worsening situation that exists in southern Africa today. The fundamental rights of our fellow Africans are being violated, and their security is being endangered every day. The fight for human rights and the dignity of man—indivisible, and we must maintain our firm commitment to work for a better future for coming generations.

I am looking forward to a stimulating and fruitful discussion with President Reagan and his able associates, and we shall continue to an objective exchange of views during the months ahead. We shall always be guided by the spirit of genuine friendship and sincerity, which has dominated our relations consistently.

Together we shall endeavor to serve the cause of peace and derive hope in the midst of despair and frustration. Together we shall overcome.

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[1]Made in the East Room at the White House, where President Mubarak was accorded a formal welcome (text from Weekly Compilation of Presidential Documents of Feb. 1, 1988). ■

# Arab Republic of Egypt

## Geography

Egypt is located in the northeastern corner of Africa and has a land area of about 1 million square kilometers. It is bounded by the Mediterranean Sea, Libya, Sudan, the Red Sea, the Gulf of Aqaba, and Israel. The total area utilized by the people—the Nile Valley and Delta—is less than 40,000 square kilometers, about half the size of South Carolina. Egypt is part of the wide band of desert that stretches from the Atlantic coast of Africa into the Middle East.

There are four distinct physical divisions: the Nile Valley and Delta, the Western Desert, the Eastern Desert, and the Sinai Peninsula. Of 26 governorates, four are cities (Cairo, Alexandria, Port Said, and Suez), nine are in Lower Egypt (the Nile Delta region), eight are in Upper Egypt, and five cover the Sinai and the desert areas east and west of the Nile.

"Egypt," wrote the Greek historian Herodotus 25 centuries ago, "is the gift of the Nile." The seemingly inexhaustible resources of water and soil carried by this mighty river created in the Nile Valley and Delta the world's most extensive oasis; without the Nile, Egypt would be little more than a desert wasteland. The river carves a narrow, cultivated floodplain, never more than 20 kilometers wide, as it travels northward from Sudan and forms Lake Nasser behind the Aswan High Dam. It then winds past the archeological wonders of Luxor (ancient Thebes) and the cities of Qina and Asyut. Just north of Cairo, the Nile spreads out over what was once a broad estuary that has been filled by riverine deposits to form a fertile delta about 250 kilometers wide (150 mi.) at the seaward base and about 160 kilometers (96 mi.) from south to north.

Until the erection of dams on the Nile, particularly the Aswan High Dam, the fertility of the Nile Valley was dependent not only upon the flow of water but also upon the silt deposited by annual flood waters. Sediment is now obstructed by the Aswan High Dam and retained in Lake Nasser. The discontinuation of yearly, natural fertilization and the increasing salinity of the soil have detracted somewhat from the high dam's value. Nevertheless, the benefits remain overwhelming: more intensive farming on millions of acres of land made possible by improved irrigation; prevention of damage caused by periodic serious flooding; and production of billions of kilowatt-hours of electricity yearly at very low cost.

The Western Desert accounts for about two-thirds of the country's land area. For the most part, it is a massive sandy plateau marked by seven major depressions. One of these, Fayoum, was connected about 3,600 years ago to the Nile by canals and is now an important irrigated agricultural area. The largest and lowest depression is Qattara, a huge saltwater marsh, lake, and badlands area about the size of New Jersey, which reaches about 120 meters (400 ft.) below sea level.

The Eastern Desert differs dramatically from the Western Desert. The land rises abruptly from the Nile and forms an upward-sloping plateau of sand, which gives way within 80–130 kilometers (48–78 mi.) to rocky, defoliated hills running north and south between the Sudanese border and the delta. This region is isolated from the rest of the country and, except for a few towns on the Red Sea coast, is largely uninhabited.

The Sinai Peninsula is slightly smaller than West Virginia (61,000 sq. km.–24,400 sq. mi.). Closely akin to the desert, it is largely mountainous in the south and contains a flat coastal plain in the north. The southern mountains include Egypt's highest point (2,637 m.–8,702 ft.), Mount St. Catherine.

The climate is characterized by a two-season year, long hours of blazing sunshine, and a severe lack of rainfall. A relatively cool winter lasts from November to March, and the hot summer extends from April to October. Temperatures in coastal regions fluctuate from a minimum mean of 14°C to a maximum mean of 30°C (57°F–86°F). In the inland deserts, temperatures vary widely on a daily basis, from a maximum annual mean of 40°C during the daylight hours to a minimum mean of 7°C after sunset (109°F–45°F). Temperatures in such places as Luxor and Aswan, however, can reach 49°C (120°F) and higher.

Most rain falls along the coast, but even there the average annual precipitation is only 20 centimeters (8 in.). Inland, the amount declines rapidly until it averages just over 1 centimeter a year at Cairo. At the Sudanese border, precipitation is minimal. Years with rain may be followed by a heavy dov pour, resulting in flash floods and co siderable damage.

A phenomenon of Egyptian weather is the hot, driving windsto called the *khamsin*. *Khamsins*, whi occur in the spring, have been know raise the temperature 20 degrees in hours and to carry winds of up to 14 kilometers (84 mi.) per hour.

## People

Egypt is the most populous country the Arab world and the second mos populous on the African Continent. Ninety-nine percent of the country's million people live in Cairo and Ale andria, elsewhere on the banks of t Nile River, in the Nile Delta, whicl fans out north of Cairo, and along t Suez Canal. These regions are amo the world's most densely populated, containing an average of over 1,450 sons per square kilometer (3,600 pe sq. mi.). Small communities spread throughout the desert regions of E are clustered around oases and hist trade and transportation routes. Th government has tried, with mixed cess, to encourage migration to nev irrigated land reclaimed from the d ert. However, the proportion of the population living in rural areas has tinued to decrease as people move the cities in search of employment a higher standard of living.

The Egyptians are a fairly hon nous people of Hamitic origin. Med ranean and Arab influences appear the north, and there is some mixin the south with the Nubians of nort Sudan. Ethnic minorities include a small number of bedouin Arab nom dispersed in the Eastern and Weste Deserts and in the Sinai, as well as some 50,000–100,000 Nubians cluste along the Nile in Upper Egypt. Be construction of the Aswan High Da began, Nubian villages stretched ir ularly along the Nile; they have sin been relocated along the banks of L Nasser.

The literacy rate is about 44% the adult population. Education is through university and compulsory from ages 6 to 12. About 80% of all children enter primary school; half these drop out after their sixth yea There are 11,000 primary and secor schools with some 6 million student and 12 major universities with abou 500,000 students, as well as 67 teac colleges. Major universities include those of Cairo (100,000 students) ar

ndria and the 1,000-year-old Al- University, one of the world's centers of Islamic learning. gypt's vast and rich literature tutes an important cultural ele- in the life of the country and in rab world as a whole. Its novelists bets were among the first to ex- ent with new styles of Arabic lit- e, and the forms they developed been widely imitated. Egyptian and films are available through- e Middle East.

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t has endured as a unified state ore than 5,000 years, and arch- cal evidence indicates that a de- ed Egyptian society has existed longer. Modern leaders urge tians to take pride in their aonic heritage" and in their de- from mankind's earliest civilized y. The Arabic word for Egypt is which originally connoted civiliza- r metropolis.

rcheological findings show that tive man lived along the Nile long e the dynastic history of the phar- began. By 6000 B.C., organized ulture had appeared.

n about 3100 B.C., Egypt was d under a ruler known as Mena, or s, who inaugurated the 30 phar- dynasties into which Egypt's an- history is divided—the Old and le Kingdoms and the New Empire. he first time, the use and manage- of vital resources of the Nile r came under one authority.

The pyramids at Giza (near Cairo) built in the fourth dynasty, show- he power of the pharaonic religion state. The Great Pyramid, the of Pharoah Khufu (also known as ps), is the only surviving example e Seven Wonders of the World. An- Egypt reached the peak of its er, wealth, and territorial extent in period called the New Empire 7–1085 B.C.). Authority was again ralized, and a number of military paigns brought Palestine, Syria, northern Iraq under Egyptian rol.

**Persian, Greek, Roman, and Arab querors.** In 525 B.C., the Persian rior Cambyses, son of Cyrus the t, led an invasion force that de- ned the last pharaoh of the 26th asty. The country remained a Per- province until the conquest of Al- der the Great in 332 B.C. This ndary figure founded and gave his

## A Profile

### Geography

**Area:** 1,001,258 sq. km. (386,650 sq. mi.); slightly smaller than Texas, Oklahoma, and Arkansas combined. **Cities:** *Capital*—Cairo (pop. over 12 million). *Other cities*—Alexandria (4 million), Aswan, Asyut, Port Said, Suez, Ismailia. **Terrain:** Desert except Nile Valley and Delta—desert, wasteland, urban (96.5%), cultivated (2.8%), inland water (0.7%). **Climate:** Dry hot summer, moderate winters.

### People

**Nationality:** *Noun and adjective*—Egyptian(s). **Population** (1986): 50.5 million. **Annual growth rate:** 2.8%. **Ethnic groups:** Egyptian, bedouin Arab, Nubian. **Religions:** Sunni Muslim 90%, Coptic Christian. **Languages:** Arabic (official), English, French. **Education:** *Years compulsory*—ages 6–12. *Literacy*—44%. **Health:** *Infant mortality rate*—(1986) 102/1,000. *Life expectancy*—58.3 yrs. **Work force:** *Agriculture*—41%. *Services*—22%. *Industry*—14%. *Trade and finance*—11%. *Other*—12%.

### Government

**Type:** Republic. **Independence:** 1922. **Constitution:** 1971.

**Branches:** *Executive*—president, prime minister, cabinet. *Legislative*—People's Assembly (448 elected and 10 presidentially appointed members) and *Shura* (Consultative) Council (140 elected, 70 presidentially appointed). *Judicial*— Court of Cassation, State Council.

**Administrative subdivisions:** 26 governorates.

**Political parties:** National Democratic Party (ruling), New Wafd Party, Socialist Labor Party, Socialist Liberal Party, National Progressive Unionist Grouping, Umma Party. **Suffrage:** Universal over 18.

**Central government budget** (FY 1987): $12.2 billion.

**Flag:** Three horizontal stripes—red, white, and black from top to bottom—with a golden hawk in the center stripe.

### Economy

**GDP** (1986 est.): $30 billion. **Annual growth rate:** 2.0%. **Per capita GNP** (1986 est.): $600.

**Natural resources:** Petroleum and natural gas, iron ore, phosphates, manganese, limestone, gypsum, talc, asbestos, lead, zinc.

**Agriculture:** *Products*—cotton, rice, onions, beans, citrus fruits, wheat, corn, barley, sugar.

**Industry:** *Types*—food processing, textiles, chemicals, petrochemicals, construction, light manufacturing, iron and steel products, aluminum, cement, military equipment.

**Trade** (FY 1985–86): *Exports*—$3.3 billion: petroleum, cotton, manufactured goods. *Major markets*— U.S., Japan, Italy, F.R.G., France, U.K. *Imports*—$11.4 billion: foodstuffs, machinery and transport equipment, paper and wood products. *Major suppliers*—U.S., F.R.G., France, Japan, Netherlands, U.K., Italy.

**Free market exchange rate:** 2.20 Egyptian pounds = US$1 (fluctuates).

### Membership in International Organizations

UN and some of its specialized and related agencies, including the International Monetary Fund (IMF), World Bank; General Agreement on Tariffs and Trade (GATT); Nonaligned Movement; Organization of African Unity (OAU); Organization of the Islamic Conference (OIC). ■

name to Alexandria, the port city that became one of the great centers of the Mediterranean world. After Alexander's death in 323 B.C., the Macedonian commander, Ptolemy, established personal control over Egypt, assuming the title of pharaoh in 304 B.C. The Ptolemaic line ended in 30 B.C. with the suicide of Queen Cleopatra.

The Emperor Augustus then established direct Roman control over Egypt, initiating almost seven centuries of Roman and Byzantine rule. According to tradition, St. Mark brought Christianity to Egypt in A.D. 37. The church in Alexandria was founded about A.D. 40, and the new religion spread quickly, reaching Upper Egypt by the second century.

Following a brief Persian reconquest, Egypt was invaded and conquered by Arab forces in 642. A process of Arabization and Islamization ensued. Although a Coptic Christian minority remained—and remains today, constituting about 10% of the population—the Arabic language inexorably supplanted the indigenous Coptic tongue. Ancient Egyptian ways—passed from pharaonic times through the Persian, Greek, and Roman periods and Egypt's Christian era—were gradually melded with or supplanted by Islamic customs. For the next 1,300 years, a succession of Turkish, Arabic, Mameluke, and Ottoman caliphs, beys, and sultans ruled the country.

**European Influence.** Napoleon Bonaparte arrived in Egypt in 1798. The 3-year sojourn in Egypt (1798–1801) of Napoleon's army and a retinue of French scientists opened Egypt to the direct influence of the West. Napoleon's adventure awakened Great Britain to the importance of Egypt as a vital link with India and the Far East and launched a century-and-a-half of Anglo-French rivalry over the region.

An Anglo-Ottoman invasion force drove out the French in 1801, and, following a period of chaos, the Albanian Mohammed Ali obtained control of the country. Ali ruled until 1849, and his successors retained at least nominal control of Egypt until 1952. He imported European culture and technology, introduced state organization of Egypt's economic life, improved education, and fostered training in engineering and medicine. His authoritarian rule was also marked by a series of foreign military adventures. Ali's successors granted to the French promoter, Ferdinand de Lesseps, concession for construction of the Suez Canal—begun in 1859 and opened 10 years later. Their regimes were characterized by financial mismanagement and personal extravagance that reduced Egypt to bankruptcy. These developments led to rapid expansion of British and French financial oversight, producing in turn popular resentment, unrest, and, finally, revolt in 1879.

In 1882, the arrival of a British expeditionary force, which crushed this revolt, marked the beginning of British occupation and the virtual inclusion of Egypt within the British Empire. During the rule of three successive British High Commissioners between 1883 and 1914, it was the British Agency—not the khedive's palace—that was the real source of authority. Under the "capitulations" to which Egypt submitted, special courts were set up to enforce foreign laws for foreigners residing in the country. These capitulations and resultant privileges for foreigners generated increasing Egyptian resentment. To secure its interests during World War I, Britain declared a formal protectorate over Egypt on December 18, 1914. This lasted until February 28, 1922, when, in deference to growing nationalist current, Britain unilaterally declared Egyptian independence. British influence, however, continued to dominate Egypt's political life and fostered fiscal, administrative, and governmental reforms.

In the postindependence period, three political forces competed with one another: the Wafd, a broadly based, nationalist political organization strongly opposed to British influence that had led the effort for independence immediately after the war; King Fuad, whom the British had installed on the throne during the war; and the British themselves, who were determined to maintain control over the Suez Canal. Although both the Wafd and the king wanted to achieve independence from the British, they fought one another for control of Egypt. Other political forces emerging in this period included the Communist Party (1925) and the Muslim Brotherhood (1928), which eventually became a potent political and religious force.

During World War II, British troops used Egypt as a base for Allied operations throughout the region. British troops were withdrawn to the Suez Canal area in 1947, but nationalist, anti-British feelings continued to grow after the war. Violence broke out in early 1952 between Egyptians and British in the canal area, and anti-Western rioting in Cairo followed.

On July 22–23, 1952, a group of affected army officers led by Lt. Co Gamal Abdel Nasser overthrew Kin Farouk, whom the military blamed Egypt's poor performance in the 194 war with Israel. Following a brief e periment with civilian rule, they ab gated the 1923 constitution and declared Egypt a republic on June 1 1953. Nasser evolved into a charism leader, not only of Egypt but of the Arab world as a whole.

Nasser and his "Free Officer" movement enjoyed almost instant le imacy as liberators who had ended 2,500 years of foreign rule. They we motivated by numerous grievances goals but wanted especially to breal the economic and political power of landowning elite, to remove all vest of British control, and to improve tl lot of the people, especially the *fellc*

A secular nationalist, Nasser d oped a foreign policy characterized advocacy of pan-Arab socialism, lea ership of the "nonaligned" or "Thir World," and close ties with the Sov Union. He sharply opposed the We ern-sponsored Baghdad pact. Wher United States held up military sale reaction to Egyptian neutrality *vis-vis* Moscow, Nasser concluded an a deal with Czechoslovakia in Septem 1955. When the United States and World Bank withdrew their offer tc help finance the Aswan High Dam mid-1956, he nationalized the privat owned Suez Canal Company. The c that followed, exacerbated by grow tensions with Israel over guerrilla tacks from Gaza and Israeli reprisa resulted in the invasion of Egypt th October by France, Britain, and Is While Egypt was defeated, the inv forces were quickly withdrawn und heavy U.S. pressure. The Suez wa as the Egyptians call it, the tripart aggression) instantly transformed Nasser into an Egyptian and Arab hero. Nasser soon after came to te with Moscow for the financing of th Aswan High Dam—a step that enor mously increased Soviet involvemer Egypt and set Nasser's government a policy of close ties with the Sovie Union. In 1958, pursuant to his poli of pan-Arabism, Nasser succeeded uniting Egypt and Syria into the United Arab Republic. Although th union had failed by 1961, it was not officially dissolved until 1984.

Nasser's domestic policies were bitrary, frequently oppressive, yet erally popular. All opposition was

ed out, and opponents of the re- frequently were imprisoned with- ial. Nasser's foreign policies, g other things, helped provoke the i attack of June 1967 that vir- l destroyed the Armed Forces of t, Jordan, and Syria and led to 's occupation of the Sinai Penin- the Gaza Strip, the West Bank, he Golan Heights. Nasser, none- ss, was revered by the masses in t and elsewhere in the Arab world his death in 1970.

ne of the original "Free Officers," President Anwar al-Sadat, was d president after Nasser's death. 71 Sadat concluded a treaty of lship with the Soviet Union but a later ordered Soviet advisers to Egypt. In 1973 he launched the er war with Israel, in which the tian Armed Forces performed ef- ely. With his country's credibility red, Sadat felt able, in 1974 and with U.S. participation, to negoti- vo Sinai disengagement agree- s with Israel by which Egypt ned the Suez Canal and parts of inai.

n 1977 Sadat journeyed to Jerusa- o meet with Prime Minister Men- Begin and to address the Israeli set. This breakthrough fore- owed the Camp David accords of ember 1978 and the Egypt-Israel e Treaty of 1979, both negotiated intensive U.S. participation. ughout this period, U.S.-Egyptian ions steadily improved, but Sadat's ngness to break ranks by making e with Israel earned him the en- of most Arab states.

In domestic policy, Sadat intro- d greater political freedom and a economic policy, the most impor- aspect of which was the *infitah*, or n door." This policy relaxed govern- t controls over the economy and en- aged private investment. Sadat antled much of Nasser's police ap- tus and brought to trial a number rmer government officials accused riminal excesses during his prede- or's rule. This liberalization also in- ed the reinstitution of due process the banning of torture. Sadat tried xpand participation in the political ess in the mid-1970s but later aban- d this effort. In the last years of ife, Egypt was racked by violence ng from discontent with Sadat's and sectarian tensions, and it ex- enced a renewed measure of ession.

On October 6, 1981, President Sadat was assassinated by Islamic extremists. Hosni Mubarak, vice president since 1975 and Air Force Commander during the October 1973 war, was elected president later that month. Mubarak has maintained Egypt's commitment to the Camp David process, while at the same time improving ties with the Arab world and resuming a more active role in such international forums as the United Nations and the Nonaligned Movement. Domestically, he has supported the public sector of the economy while also encouraging the private sector. His most notable achievements have been to strengthen democratic institutions, to increase greatly freedom of the press, and to put an end to sectarian strife. President Mubarak was re-elected to a second term in October 1987.

### Government and Political Conditions

The Egyptian constitution provides for a strong executive. Authority is vested in an elected president who can appoint one or more vice presidents, a prime minister, and a cabinet. The president's term runs for 6 years. Egypt's legislative body, the People's Assembly, has 458 members—448 popularly elected and 10 appointed by the president. The constitution reserves 50% of the assembly seats for workers and peasants. The assembly sits for a 5-year term but can be dissolved earlier by the president. There is also a 210-member National *Shura* (Consultative) Council, in which 70 members are appointed and 140 elected under a system in which the party receiving the majority of votes takes all the seats. The council's functions are more advisory than legislative. Below the national level, authority is exercised by and through governors, mayors appointed by the central government, and by popularly elected councils.

Although power is concentrated in the hands of the president and the National Democratic Party's majority in the People's Assembly, opposition parties organize, publish their views, and represent their followers at various levels in the political system. In addition to the National Democratic Party, there are five legally constituted parties: the New Wafd Party, the Socialist Labor Party, the Nationalist Progressive Unionist Grouping, the Socialist Liberal Party, and the Umma Party. The New Wafd Party and the Socialist Labor Party (in alliance with the Socialist Liberals and the Muslim Brotherhood) won seats in the People's Assembly in elections of April 1987. The law prohibits the formation of parties on religious or class lines, thereby making it illegal for Islamic or communist groups to organize formally as political parties. However, members of the Muslim Brotherhood, an organization legally proscribed under the provisions of this law, are members of the assembly as part of the Socialist Labor Party delegation.

Egypt's judicial system is based on European (primarily French) legal concepts and methods. Under the Mubarak government, the courts have demonstrated increasing independence, and the principles of due process and judicial review have gained greater respect. The legal code is derived from the Napoleonic code, and within the Muslim community, Islamic law plays a significant role.

The process of gradual political liberalization begun by Sadat has continued under Mubarak. Egypt now enjoys unprecedented freedom of the press, and opposition political activity is regarded by the government as both desirable and natural. The April 1987 parliamentary elections were marked by the greatest freedom of political expression seen in Egypt for more than three decades. Although some electoral irregularities were reported, there were no accusations of widespread involvement by the internal security forces in these activities—a charge frequently leveled in the past.

### Economy

Egypt's 51 million people produced a gross domestic product (GDP) of about US$30 billion in FY 1987. Agriculture and services each contribute roughly one-third of GDP; the remainder comes from industry, petroleum, mining, electricity, and construction.

Although Egypt's private sector is expanding, public sector enterprises remain predominant in the industrial sector. Most sizable enterprises, including virtually all heavy industries, are owned by the state. Many privately owned small- and medium-scale industries' prices are controlled by the state or face competition from products subsidized by the government. Only 35% of industrial production originates in the private sector, but this share is growing. Much of agriculture, though nominally private, is, in fact, regulated

through price control, import allocations, and guidelines on production administered through local agricultural cooperatives. Construction, nonfinancial services, and domestic marketing are largely private.

For several years following nationalization of the Suez Canal Company in 1956, the economy performed reasonably well, and Egypt experienced steady growth: GDP increased at 4%–7% per year. This growth was broadly based, with the construction sector performing above this range and agriculture at the low end.

From the mid-1960s through the early 1970s, the economy stagnated. The initial momentum in the early 1960s was lost as economic centralization outran limited managerial expertise. The terms of trade shifted against Egypt, and a chronic foreign exchange shortage developed. The drain on resources and morale from Egypt's involvement in the war in Yemen and the June 1967 war was especially damaging. The loss of Suez Canal revenue and Western assistance, together with a heavy military burden, reinforced negative pressures on the economy. Per capita growth was negligible. Nevertheless, at the expense of a steadily deteriorating capital stock, Egypt was able to maintain consumption and an adequate living standard.

Economic prospects began to brighten after the 1973 war. Sadat's turn to the West and first steps toward economic liberalization encouraged the private sector and foreign investment. The central element of these policies was Law 43, the so-called open door, which brought foreign banks to Egypt and provided a liberalized investment code to foreign investors. Law 159 eventually extended new investment incentives to indigenous entrepreneurs as well. The reopening of the Suez Canal in 1975 and the return of the Sinai oilfields added new sources of foreign exchange to Egypt's economy, but the balance of payments remained strapped as food, capital, and consumer goods imports grew. New oil production added to revenues, as did the revival of the tourist trade. Egyptians in ever-mounting numbers found employment abroad, primarily in other Arab countries, and their remittances became the largest single source of foreign exchange earnings. The influx of Arab (until 1979) and Western funds (both public and private) also helped. In the late 1970s and early 1980s, despite mounting budget and current account deficits, Egypt attained real growth rates in the range of 8%–10% annually.

Today the Egyptian economy faces several challenges. In 1986 Egypt was faced with a difficult economic situation. Falling oil prices, tourist earnings, and expatriate remittances through official channels reduced foreign exchange inflows, which in turn made it more difficult for the Government of Egypt to service its $38-billion debt. The Egyptian Government initiated a major review of economic policy and embarked on an economic reform program aimed at simplifying the exchange rate system and introducing a greater reliance on market forces and an expanded role for the private sector. This program enabled Egypt to qualify for financial assistance from the International Monetary Fund and a multilateral rescheduling of external debts owed to Western creditors.

**Agriculture.** More than one-third of the Egyptian labor force is engaged directly in farming, and many others work in the processing or trading of agricultural products. All but a tiny part of Egyptian agriculture takes place in some 2.5 million hectares (6 million acres) of fertile soil in the Nile Valley and Delta. Although some desert lands are being reclaimed for agriculture, other more fertile lands in the Nile Valley and Delta are being lost to urbanization and erosion.

The climate and ready availability of water, especially since the building of the Aswan Dam, permit multiple cropping—several crops a year on the same piece of land. This, in effect, almost doubles the actual crop area per year. Although improvement is possible, agricultural productivity is high, considering the traditional methods used. Egypt has little subsistence farming. Cotton, rice, onions, and beans are the principal crops. Cotton is the largest agricultural export earner.

The United States is a major supplier of wheat to Egypt, particularly through the PL 480 (Food for Peace) program, and other Western countries have also supplied food on concessional terms.

**Natural Resources.** Egypt has few natural resources other than the agricultural capacity of the Nile Valley. The major minerals are petroleum, phosphates, and iron ore. The fall in world oil prices during the mid-1980s hit Egypt hard. On top of a large drop in per-barrel oil earnings, Egypt's slow-moving price-setting mechanism prevented it from competing successfully for oil sales. As a consequence, Egy tian oil production in 1986 dropped b low 1985 levels in spite of new additi to production capacity. As oil prices stabilized in late 1986, Egypt began regain its share of the market. Petroleum production is steadily increa ing, and exploration continues, particularly in the Western Desert.

**Transport and Communication** Transportation facilities in Egypt fo the pattern of settlement along the Nile. The major line of the nation's 4,700-kilometer (2,800-mi.) railway n work runs from Alexandria to Aswa Other important lines run along the north coast to the Libyan border an eastward to the Suez Canal. Egypt about 12,300 kilometers (7,600 mi.) paved roads and some 16,700 kilome (10,400 mi.) of gravel or improved ea roadways. Most of these roads are found in the Nile Valley and Delta, the Suez Canal, and along the Red S and Sinai coasts. An additional 18,0 kilometers (11,200 mi.) of unimprove desert track can be found in the We ern and Eastern Deserts. The Nile River system (about 1,600 km., or 1 mi.) plus another 1,600 kilometers o navigable canals are important for i land transport. Major ports are Ale andria, Port Said, and Port Suez. A major cities have airports, although all have civil air service. Cairo Inte tional Airport is the most importan

Egypt has long been the cultur and informational center of the Ara Middle East, and Cairo is the regio largest publishing and broadcasting center. There are 20 daily newspape with a total circulation of more than million, as well as a large number o weekly and monthly newspapers, m zines, and journals. Newspapers se not only to inform but also are an important element of the political p ess. Every political party has its ow newspaper, and these papers conduc lively, often highly partisan debate public issues. Major papers include prestigious, establishment daily *Al-Ahram*; the dailies *Al-Akhbar*, *Al-Gomhuriya*, and *Wafd* (newspaper o the New Wafd Party); the weekly pa newspapers—*Mayo* (National Demo cratic Party), *al-Shaab* (Socialist La Party), *al-Ahali* (Nationalist Progressive Unionist Grouping), and *al-Ahrar* (Socialist Liberal Party); and merous other publications such as *R al-Yusef*, *al-Mussawwar*, and *Octob* Egypt's Middle East News Agency (MENA) was the first of its kind in

n and continues to play an impor-
role in reporting news to and from
iddle East.
Inder President Nasser, Egypt led
rab world in developing a compre-
ve broadcasting system. State-run
tions are coordinated under the
tian Radio and Television Federa-
The Egyptian Broadcasting Cor-
ion operates seven domestic and
nternational radio stations, trans-
g in 32 languages for a total of
ours a day. The state-owned Egyp-
elevision Organization operates
hannels, broadcasting to a rapidly
ng national audience.

nse

t's Armed Forces are the largest
region, totaling roughly 470,000
nnel divided into four services.
rmy is by far the largest—
00—followed by air defense with
0, air force with 27,000, and navy
20,000. Beginning in 1979, the
d States entered into a military
y relationship with Egypt that has
nued throughout the 1980s.
t's inventory also includes equip-
from European sources—France,
the United Kingdom—and China.
much of the military equipment is
viet origin, reflecting the long pe-
of almost exclusive Soviet supply
the late 1950s until the 1973 war
Israel. Most of this equipment is
obsolete. Egypt has provided mili-
assistance and training to a
er of African and Arab states, as
eks to bolster stability and modera-
in the region.

ign Relations

**t and Camp David.** In a momen-
change from the Nasser era, Pres-
t Sadat shifted Egypt from a policy
nflict with Israel to one favoring
eful accommodation through direct
tiation. Following the Sinai disen-
ment agreements of 1974 and 1975,
sh opening for progress was cre-
by Sadat's dramatic visit to Jeru-
n in November 1977. This led to
ident Jimmy Carter's invitation to
t and Israeli Prime Minister Begin
in him in trilateral negotiations at
p David. The outcome was the his-
Camp David accords, signed by
t and Begin and witnessed by Car-
n September 17, 1978. These
ements comprise frameworks for a
rehensive settlement of the Middle
conflict and for a peace treaty be-
n Egypt and Israel.

Negotiations on bilateral peace began in October 1978 and were concluded with the signing of the Egypt-Israel Peace Treaty on March 26, 1979. However, efforts at progress on the other framework, which provides for the establishment of transitional arrangements for the West Bank and Gaza, proved problematical. After Jordan and representative Palestinians declined to take part, the United States joined Egypt and Israel in the negotiations to shape an autonomous self-governing authority for the area. Some progress was made in bridging differences on the nature and responsibilities of the self-governing authority, but the negotiations ended in 1982 without a final accord on transitional arrangements.

**Mubarak Era.** President Mubarak has reaffirmed and built upon the policies he inherited from Sadat, placing heavy emphasis on negotiated solutions to the Arab-Israeli dispute, peace with Israel, and close ties with the United States. At the same time, he has moved toward reintegration with the Arab world and taken a more active role in the Nonaligned Movement, the Organization of African Unity, and other multilateral forums. He has, by and large, succeeded. At mid-decade, Egypt is playing a prominent role in international affairs, and Egyptian diplomats are often among the candidates for important international positions.

Egypt's relations with Israel are solid, and officials of the two countries meet frequently. Headed by an ambassador, Egypt's embassy in Tel Aviv and consulate in Eilat are staffed and open for business. In 1986, Egypt and Israel agreed to resolve the Taba border dispute through arbitration. Egypt has also reestablished its important position in the Islamic and Arab worlds. Readmission to the Organization of the Islamic Conference and restoration of full diplomatic relations with Jordan in 1984 were key steps. Despite the lack of official diplomatic relations with much of the Arab world, Egypt maintains close political, commercial, and social ties with nearly all Arab countries.

### U.S.-Egyptian Relations

Before 1967 U.S. relations with Egypt went through several cycles. In the wake of the 1952 revolution, ties became strained for a number of reasons, which included:

- Egypt's opposition to U.S.-sponsored collective security efforts, especially the Baghdad pact of 1955;
- Its arms purchases from the Eastern bloc and improving ties with the Soviet Union;
- U.S. refusal to finance the Aswan High Dam; and
- Differing American and Egyptian perspectives on the Arab-Israeli dispute.

## Passport Restriction for Lebanon

**DEPARTMENT STATEMENT, FEB. 5, 1988[1]**

On February 1, Secretary Shultz extended his directive invalidating U.S. passports for travel to, in, and through Lebanon. This decision follows a determination that the situation in Lebanon remains so dangerous for Americans that no U.S. citizen can be considered safe from terrorist acts.

Recent events in Lebanon underscore our concern. On January 27, Ralph Schray, a Lebanese-German dual national, was kidnapped. Although Schray has a West German passport, his German ties are extremely tenuous. Schray reportedly has lived in Lebanon his entire life and speaks little, if any, German. Nevertheless these weak links were sufficient to make him a kidnap victim, apparently in an effort to pressure the West German Government during the trial of Abbas Hamadeh.

American dual-national citizens could be equally vulnerable to the same fate. The Department of State takes this opportunity to reiterate its warning that the situation in Lebanon is so dangerous that all Americans, including dual nationals, can become targets of terrorist acts, including kidnapping. The U.S. Government reminds all U.S. citizens that its ability to provide normal consular services there is extremely circumscribed.

[1]Read to news correspondents by Department deputy spokesman Phyllis Oakley. ■

Relations improved somewhat in the late 1950s, and the United States provided Egypt with technical assistance, development loans, and food aid. In 1964, however, there was another downturn, and following the outbreak of the June 1967 war, Egypt severed formal diplomatic relations. Nevertheless, diplomatic contacts, trade, and scientific exchanges continued.

President Sadat's decision following the October 1973 war to opt for negotiations with Israel was accompanied by a turn toward the United States. Formal diplomatic relations were reestablished on February 18, 1974. The series of negotiations between Egypt and Israel, culminating in the Camp David accords of 1978 and the Egypt-Israel Peace Treaty of 1979, demonstrated that Egypt and the United States could work together and opened the way for wider regional and bilateral cooperation.

Since his election in October 1981, President Mubarak has strongly supported a special U.S.-Egyptian relationship. During his 6 years in office, he has met on several occasions in Washington with President Reagan, received many senior U.S. officials and Members of Congress, and maintained an active dialogue with the United States on Middle East and other regional concerns.

U.S. economic and military aid to Egypt reached a level of $2.3 billion in FY 1987. As development projects constructed with U.S. assistance and weapons systems procured with foreign military sales credits have begun to be completed and delivered, the fruits of this aid have become more apparent to the average Egyptian. U.S.-Egyptian strategic cooperation, including joint military exercises, has also improved the capacity of both countries to respond to threats to regional security.

Between 1974 and 1987, the United States authorized $23 billion in total aid for Egypt—$13 billion in economic aid and $10 billion in military assistance. In FY 1987, the United States is providing $815 million in economic assistance (economic support fund); $189 million in food aid (PL 480); $1.3 billion in grant military assistance; and almost $2 million in military training (international military education and training).

U.S. aid is designed to assist Egypt's economic development and support U.S.-Egyptian cooperation. U.S. economic aid helps stimulate economic growth by funding direct commodity imports such as raw materials and capital equipment. U.S. assistance also supports electric power, telecommunications, housing, and transport projects. Powerplants built with U.S. assistance generate more electricity than the Aswan High Dam. In 1983 the United States agreed to a 5-year, $1-billion program to overhaul the water and sewerage systems of Cairo, Alexandria, and other Egyptian cities.

U.S. military cooperation has helped Egypt replace its deteriorating inventory of Soviet-supplied weapo with modern equipment and improv ability to support regional security stability. Major items the United S is providing Egypt under FMS programs include F–4 jet aircraft, F–1 fighters, M60A3 tanks, armored pe sonnel carriers, Improved-Hawk (I–Hawk) antiaircraft missile batte E–2C aerial surveillance aircraft, a other equipment.

Taken from the *Background Notes* of 1 cember 1987, published by the Bureau Public Affairs, Department of State. I tor: Juanita Adams. ■

# Continuation of Aid to Pakistan

**WHITE HOUSE STATEMENT, JAN. 15, 1988**[1]

The President today signed and sent to Congress waivers to the law that would require a cutoff in aid to Pakistan under the Symington and the Solarz amendments because of activities in the nuclear weapons development area. This waiver action was based on the recognition that disrupting one of the pillars of the U.S. relationship with Pakistan would be counterproductive for the strategic interests of the United States, destabilizing for South Asia, and unlikely to achieve the nonproliferation objectives sought by the sponsors.

The Government of Pakistan is aware of our continuing concern over certain aspects of its nuclear program. Despite these problem areas, there are crucial nonproliferation criteria which Pakistan continues to honor. The United States will insist on the maintenance of these restraints even as we work with Pakistan on progress in the areas of concern.

The President's action is preceded by months of extensive consultations with Congress. We have achieved an understanding on the general approach which is reflected in approval by Congress of a 30-month waiver of the Symington amendment and near-full funding for Pakistan for FY 1988. The Administration pledged to continue pressing Pakistan away from a nuclear weap option and is obliged to certify ann that Pakistan does not possess nuc weapons.

The reasons which convinced t Administration to waive the Symin amendment also apply to the Solar amendment, where the waiver app only retroactively. The Governmen Pakistan has pledged that procedu will be tightened to ensure an end procurement activities in the Unite States. We will continue to monito procurement activities in this coun to ensure compliance with Pakistan new procedures.

There is no diminution in the dent's commitment to restraining t spread of nuclear weapons in the I subcontinent or elsewhere. We will tinue to urge Pakistan and India to cuss measures which might be take reduce the threat of a nuclear arm race in South Asia. As arms contr negotiations between the United S and the Soviet Union begin to bea fruit and set an example, the Adm istration will be seeking still furth ways to make this commitment effective.

[1]Text from Weekly Compilation of Presidential Documents of Jan. 18, 198

# Agencies and the Budget

*hard S. Williamson*

*atement before the Subcommit- n Human Rights and Interna- Organizations and on ational Operations of the House n Affairs Committee on February 88. Ambassador Williamson is ant Secretary for International ization Affairs.*[1]

s my first appearance before a essional committee since my re- onfirmation as Assistant Secre- f State for International ization Affairs. It is a pleasure nor to be here.

nce I will be joining Ambassador rs [U.S. Permanent Represen- to the United Nations Vernon A. rs] 2 days from now in a presenta- r you on the United Nations, I cus today on other parts of the vstem. I would, of course, be d to join with my colleagues at epartment of State in addressing organizations covered by the Con- ions to International Organiza- (CIO) account, if and when you or colleagues elsewhere in the Con- are interested. In like manner, I orward to addressing the signifi- vork undertaken in behalf of eco- development through our tary contributions to such organi- is as UNICEF [UN Children's ], the UN Development Program, he UN Environment Program.

Ly statement for the record today, fore, highlights the following areas:

My initial impressions of the sub- ive work undertaken by the major ical and specialized agencies of the ed Nations, with particular empha- the extent to which they serve rtant U.S. national interests;

• The results of efforts encouraged e U.S. Congress and the executive ch to achieve reform in the deci- naking procedures on budgetary ers in these technical agencies of Jnited Nations; and

• Finally, the criteria-based inter- cy process used by the executive ch, in close consultation with the gress, to allocate the limited funds able for fiscal years (FY) 1988 and

### The Productive Work of the UN Agencies

These subcommittees will be discussing the work of the United Nations during the hearing 2 days from now. We can go into more detail on the United Nations at that time. However, suffice it to say here that many believe that, for too long, the debate over the United Nations in New York, and the need for specific changes in its administration, have overshadowed much of the work of the smaller but very important technical agencies in the UN system.

In general, I believe that the technical agencies, such as the World Health Organization and the International Atomic Energy Agency, have received insufficient public attention. Many Americans are not familiar with the important and constructive work being performed by many technical and specialized agencies in the UN system. All of us here today are painfully aware of the global challenges resulting from acquired immune deficiency syndrome (AIDS), the tragic hijacking of the cruise ship *Achille Lauro*, the recent bombing of Korean Air Lines Flight 858, and the widespread fear and legitimate concerns that followed the accident at the Soviet nuclear power plant at Chernobyl.

We also are familiar with less dramatic but important continuing problems such as food shortages in sub-Saharan Africa and other places, the high incidence of disease and malnutrition among children of the developing world, the need for effective airport security in the wake of continuing international terrorism, the growing concerns about drug abuse and drug trafficking, and the ever-present threat that more countries will develop nuclear weapons, with all of the attendant insecurity and tension that will bring to the international community.

In dealing with such sobering problems, there is a clear need to work steadily to achieve effective international cooperation. That is precisely what is happening in the majority of the technical and specialized agencies in the UN system today. I would not pretend that those agencies present us with no problems. They do. These organizations, like the U.S. Government, are not perfect. But the work they do in regard to these pressing international problems is impressive. I would like to touch upon the activities of just a few of these agencies to illustrate their importance to U.S. national interests. It was not by accident—nor without good reason—that the most recent economic summit looked to many of these organizations for leadership and critical followup on problems requiring a multilateral solution.

The **World Health Organization (WHO)**, which led the fight that eradicated smallpox, is now leading the international effort to coordinate the attack on the pandemic of AIDS. It has played a major role in development of oral rehydration salts, which are used to combat diarrheal diseases, and it is working to ensure protection of children everywhere against six major childhood diseases. The successful completion of work on a new vaccine against malaria, carried out by WHO in cooperation with U.S. Government agencies and others, will have revolutionary social and economic impact throughout the world.

The **International Atomic Energy Agency (IAEA)** serves as the cornerstone of international efforts to prevent the further spread of nuclear weapons. IAEA serves as the focal point for efforts to improve nuclear safety practices around the world. Its safeguards constitute a unique international system of verification, providing essential assurance that nuclear material in peaceful nuclear programs is used exclusively for peaceful purposes. The United States is required by law to apply IAEA safeguards to U.S. nuclear exports, which currently total approximately $1 billion a year. If, for some reason, IAEA were not able to apply safeguards, the United States would have to either discontinue its nuclear exports or initiate a bilateral system of safeguards, which would be costly and possibly less effective than the current safeguards system. Neither approach would be beneficial to the U.S. taxpayer.

The **International Labor Organization (ILO)** mirrors to the world the U.S. democratic traditions of labor, management, and government working together. It is strongly supported by U.S. labor and employer organizations because it has been highly effective in setting minimum standards of employment for workers all over the world. Its work in the area of human and workers' rights is a role that was endorsed by

the Senate just in the past few weeks as it agreed to the ratification of two key ILO conventions.

The **World Meteorological Organization (WMO)** has pioneered new efforts to forecast the weather and to bring these benefits, not only to farmers around the world but also to communities everywhere. Its work is essential to aviation, shipping, and agriculture, as well as to storm detection and warnings.

The **Food and Agriculture Organization (FAO)** and its related agencies are helping the world come to grips with food shortages and drought and to eradicate pests and animal diseases. Its fisheries and forests programs are of great importance to the U.S. private sector, and the work it does with WHO in setting international food standards is of great value to U.S. food industries.

The **International Civil Aviation Organization (ICAO)** promotes safety in air navigation by setting up commonly accepted standards for radio transmission, landing systems, and communication. Its pioneer work in combatting international terrorism has led to creation of new procedures for dealing with airplane hijackings, bombings, and attacks on airports. ICAO continues to serve the international community by facilitating discussion of the outrageous bombings by North Korea of Korean Air Lines Flight 858.

Similarly, the **International Maritime Organization (IMO)** is promoting, through a new convention, safeguards against terrorism at sea, such as the vicious attack on the passengers of the cruise ship *Achille Lauro*, which resulted in the murder of a U.S. citizen (Leon Klinghoffer).

The **UN Industrial Development Organization (UNIDO)** encourages private sector emphasis in the developing nations. This approach, in turn, stimulates the local economy and leads to increased markets for U.S. goods and services. UNIDO also promotes other goals pursued by the United States—most notably, focus on small enterprise and rural development in the Third World.

I could go on, because there are many agencies in the UN system which make vital contributions to America's national interests and to U.S. foreign policy. One of my purposes as Assistant Secretary will be to bring increased information about the work of these agencies to the Congress and to the American people. We cannot let their work go uncriticized, and I intend to remain vigilant. But, our policy toward them needs to be constructive and supportive. I hope the Congress will assist in this effort.

### Movement for Change

Let me now turn to the efforts undertaken by this Administration, in concert with the Congress, to bring about improvements in decisionmaking procedures on budgetary issues. The relevant legislation—that is, the Kassebaum-Solomon amendment and the modifications included in the State Department authorization bill adopted at the end of 1987—focused on these processes. The recent authorization legislation says that no payment of an assessed contribution can be made to any specialized agency if the payment would cause the U.S. share to exceed 20% of the budget, unless the President determines and reports to the Congress that the agency has made substantial progress toward the adoption and implementation of decisionmaking procedures on budgetary matters in a manner that substantially achieves the goal of greater financial responsibility.

On the surface, the standard voting system in the UN agencies is one nation-one vote. But, in fact, the major donors have substantial influence in the UN's technical organizations. We and the other major contributors are most outspoken on matters of budgetary concern. Indeed, representatives of the U.S. Government often are so outspoken that representatives of some of the agencies accuse us of being able to exert undue influence over their work simply because we are responsible for such a large portion of the budget. On programmatic matters, U.S. expertise on technical issues such as health, the environment, agriculture, labor law, copyrights, weather research, nuclear energy, aviation or maritime affairs, just to give a few examples, is so pervasive and outstanding that we provide leadership in developing these programs. The United States exerts a major influence in shaping the direction and activities of these organizations, regardless of the one country-one vote situatior

In response to the Kassebaum-Solomon amendment, the United States pursued this financial issue first in the United Nations and achieved what appeared to be a promising victory in late 1986—the prospect of major decisions on budgetary questions reached in a relatively small committee, by cons sus. President Reagan issued a sta ment commending the United Nati for this constructive action. Follow implementation of the major reforn New York will be addressed in mo detail at the congressional hearing February 25.

In the specialized agencies, wi the exception of FAO, there has be positive response to U.S. requests reform. In fact, some of the agenci such as the International Civil Avi Organization—already had in place sensus-based decisionmaking procedures that exceeded even the standards of the agreement approv by the UN General Assembly. If w look at them one by one, the resul reform in the technical and special agencies of the United Nations are follows.

• The **World Health Organiza** executive board in January 1987, j months after the UN General Ass decision, adopted its own resolutio "cooperation in program budgetin This resolution asked each of the governing body units to work tow consensus in reaching conclusions budget proposals. This commitme cluded even the 31-member execut board, which has the most signific impact on budget review.

The revised WHO procedure help to solidify the longstanding o satisfaction of the United States w the WHO's administration and ma ment. WHO staff have been open, erative, and responsive to U.S. interests. Our delegations have oft held up WHO as a model for emul by other UN-system agencies at t same time we have praised WHO grams that promote primary healt care and coordinate the internatio effort against AIDS. The revised sionmaking system is now in opera In June 1987, the WHO Program mittee agreed on a planning ceilin the 1990–91 program budget. And, ing 1988, the regional committees the program committee will be de ing consensus proposals on the ne budget and working out other mec nisms to ensure more effective an cient operations.

• At the **International Labor ganization,** the conference in 1987 adopted a key reform measure tha vides an additional consultative st the review of main program option resource parameters in off-budget years. Like the WHO procedures, approach will facilitate developmer

nsus at a key point in the budget
opment process. The new mecha-
inks ILO's medium-term plan
biennial programs and budgets,
lentifies program priorities for
91 and subsequent periods within
ic resource levels in real terms. In
ith the new procedures, the Pro-
Finance, and Administrative
mittee and the governing body of
LO are considering the medium-
plan, including the identification
orities and a budget ceiling for
91, at their meetings this month
uary).

At the **International Civil Avia-
Organization**, the United States
ionally has been a major player in
eview of the proposed budget. We
joined the customary consensus
ave praised ICAO for both its
financial management and its
tant contributions to the safety
ecurity of international civil avia-
Nevertheless, we promoted adop-
f a decision at ICAO to ensure
nuation of this consensus-based ap-
h to budget and financial issues,
in 1987, the ICAO council re-
ned the organization's commitment
e consensus principle.

would note that, in terms of
's substantive work, both the
and Venice summits endorsed
's action on air traffic and airport
ity, which had been pursued de-
the budgetary constraints on
). Indeed, these constraints were
vere that ICAO not only sought to
sponsive by lowering assessments
987 and 1988 but also found it nec-
y to institute a hiring freeze, still
fect in 1988. The organization also
usly considered giving notice to a
ber of staff when severe cash flow
lems led to uncertainty about
O's ability to continue paying
ies.

• **The World Meteorological Orga-
tion** has been responsive to U.S.
osals for UN budget reform, par-
arly efforts to provide major do-
wth more influence in the
nization. In response to U.S.
ts to cement into place the normal
ensus-based decision procedures,
WMO secretariat in 1986—even
re action was taken by the UN
eral Assembly in the fall of that
—proposed the establishment of a
ncial Advisory Committee to ad-
the Secretary General on budget-
and financial matters. The WMO
gress, meeting in May 1987, ap-
ed the proposal and created a com-
ee composed of the eight largest contributors (including the United States), the president of the executive council, and six regional representatives. The committee, which works by consensus, began its work immediately, holding its first meetings during the 1987 session of the WMO Congress.

The new Financial Advisory Committee will consider all WMO budgetary and financial matters when the WMO executive council holds its annual meeting in June 1988. The agenda will include recommendations on program expenditures for 1989, which must be within the overall 4-year budget ceiling established by the 1987 Congress.

• The UN **Industrial Development Organization** was created in 1966 to accelerate the process of industrialization in developing countries. It became a specialized agency of the UN system only recently, on January 1, 1986. The constitution and rules of procedure for the newest specialized agency, including many of the provisions that we are now discussing, were developed with major input from the U.S. Government. They already permit significant input by major contributors. To supplement that input, the general conference in 1987 adopted by consensus a decision on improvements in the program budget process, following up on a proposal initiated by the U.S. delegation to the Program Budget Committee meeting in March 1987.

Among the results during 1986 and 1987, its first 2 years of operation, UNIDO has reduced staff; cut some programs and increased others, consistent with U.S. priorities and interests; adopted budget reforms urged by the United States; and achieved negative real growth in the budget. We still have problems with the orientation of some UNIDO program activity, but the operation of consensus-based decisionmaking on financial issues is coming along well.

• Of the major technical agencies in the system, the **Food and Agriculture Organization** is the one that has not responded well to longstanding calls for reform from the majority of its largest donors, including the United States. For some time, the United States and other FAO member states have been asking for revisions in budget presentations in order to obtain a clearer view of proposed or actual expenditures. However, the secretariat has refused to comply fully.

Specific reform proposals were made in 1986 and 1987 and rebuffed. For example, the U.S. delegation to the FAO council in June 1987 was ruled out of order because we proposed discussion of needed decisions on reform in the organization. At the FAO conference in November 1987, the United States introduced a budget reform resolution, supported by other major contributors. But the conference voted overwhelmingly against the U.S. resolution. It also rejected overwhelmingly the reform proposals put forward by the Nordic nations, the United Kingdom, Canada, Australia, Japan, New Zealand, the Netherlands, the Federal Republic of Germany, and others. Representatives of 12 major donor member states of FAO (the so-called Camberley Group, named for the group's first meeting place) met in Helsinki in early February and reaffirmed their commitment to pursue reform in the FAO.

The likely result of the situation to date is that the President will not be able to provide for FAO the determination required in the recently revised Kassebaum-Solomon legislation. Nor can the FAO rank high among the 46 organizations in the C10 account, based on the criteria for distribution of scarce funds indicated by the Congress. We have, therefore, proposed that the funds for FAO be set aside in the hope that the FAO will make progress on reform in the near future. We are continuing longstanding efforts to work with other FAO member states and the FAO secretariat to help assure that FAO serves the needs of those who require assistance most, the hungry and malnourished in developing nations. The United States, as demonstrated by the magnitude and range of its contributions in this regard, is strongly committed to reducing the needless tragedy that afflicts countless millions in the developing nations.

In sum, I would argue that, in the majority of the UN technical agencies, we have achieved the goal set by the Congress. That is, we have ensured that the major donors, especially the United States, have significant influence over budgetary and administrative questions. My intention, as I take over the reins as Assistant Secretary, is to maintain the momentum that has been established and to ensure that the new procedures put into place actually work.

Specifically, for this year, I will urge that U.S. delegations to meetings of UN organizations do the following:

• Continue to ensure that key ***budget decisions are taken by "consensus,"*** at least in the fora subor-

dinate to the chief governing bodies where there is a clear right to a vote;

• Continue to ensure ***"major donor" (i.e., U.S. Government) representation*** on the key committees in the budget process;

• Continue to work to ensure ***establishment of ceilings*** for development of the next budget, possibly with subceilings for subsidiary parts;

• Work to create ***new committee mechanisms*** to serve these purposes if the existing ones are not effective or cannot be modified adequately;

• Develop procedures for ***item-by-item review*** and decisionmaking on the components of budgets, rather than have delegations forced to deal with an entire budget package;

• Continue to use mechanisms, or to develop new mechanisms as needed, to require the organizations, which now make their own internal decisions on the creation of new program activities and the elimination or curtailment of old ones, to present ***decisions on priorities*** to a representative group of member states for review or revision;

• Reinforce efforts to ***make secretariat operations more transparent***, where this appears necessary, in order to let member states have a clearer understanding of the real components of a budget proposal and on activities actually pursued during the preceding cycle (perhaps encouraging the establishment of new ***member-state evaluative mechanisms***); and

• Ensure that ***U.S. Government domestic agencies***, and others involved in the substantive operations of the UN organizations, join officials at the Department of State in renewed efforts to ***evaluate the work of the UN organizations***, so that we can make more concrete proposals for reducing, eliminating, or expanding specific activities or for starting new ones.

All of these steps are possible, as they always have been. U.S. representatives to the UN's technical and specialized agencies have always advocated improved efficiency and effectiveness. There is no reason not to continue pursuing these goals. Indeed, there are important reasons, given the prospect for the foreseeable future of too few resources to meet seemingly unlimited needs, to press on with vigor in behalf of setting priorities more thoughtfully, employing budgetary discipline, and planning ahead.

I understand that the purpose of the legislation of recent years was to help assure that the United States has major influence on important deisions within the UN system, including those made within the technical agencies. Now, by and large, we have done that. The opportunity before us now is to take advantage of the enhanced influence that we have in order to promote the substantive, technical program activities that we believe are in the best interests of the agencies themselves—and, most fundamentally, in the best interests of U.S. taxpayers.

### Allocation of Resources

As you know, from the account for Contributions to International Organizations—we pay the assessed contribution for the United States to 46 different international organizations. Only ***one*** of those 46 organizations is the United Nations. The United Nations—obviously the biggest of the agencies—accounts for about 34% of the requirement for U.S. contributions. The other 66% goes to the UN's technical agencies, as well as to other important organizations such as NATO [North Atlantic Treaty Organization], the OECD [Organization of Economic Cooperation and Development], and GATT [General Agreement of Tariffs and Trade].

But when the overall appropriation falls below the total requirement for U.S. assessments—as it has for the past 3 years—a serious blow falls on the entire account, including the UN's technical and specialized agencies. In FY 1988, the appropriation covered 84% of the request ($480 million out of $571 million), which was a substantial increase over that of the previous year, but it still left many of the specialized organizations hurting.

The question for all of us, Congress and Administration alike, is how we make payments to these organizations when the appropriations are not sufficient to meet the total requirements. As you know, the Appropriations Conference Committee Report (for the FY 1988 continuing resolution—PL 100–202) asked the Department of State to evaluate international organizations objectively, utilizing five specific factors, in order to rationalize the decisions made by the Department in making payment of assessed contributions to these 46 organizations.

We have sought to establish a disciplined set of criteria for use in assigning funding priorities. The criteria that were developed included the following:

• The level of direct benefit or substantive importance of the agency's work to the United States in political, strategic, or economic terms;

• The extent to which the agen has achieved program budget refor an effective budget process;

• The quality of the agency's re source management, including fina and personnel resources;

• Importance of current politic and operational factors, such as ke elections, Soviet influence, or place ment of Americans in key positions

• The level of domestic U.S. su port for the organization and/or its programs;

• The possible negative impact U.S. interests and on the organizat should there be shortages in U.S. ing; and

• Organization performance in fillment of its chartered mission.

The first decision was to pay ir the U.S. assessments to the 30 sm organizations in the account. These highly specialized and generally ef tive bodies requiring relatively sma contributions. Their total requirem were $8.6 million for FY 1988. Non was above $1 million, and most wer well below it.

The next step was to apply the teria I have just described to the r maining 16 agencies in the account which receive 98.5% of the approp tion. These were the UN, OECD, NATO, GATT, WHO, FAO, ILO, W IAEA, UNIDO, ICAO, OAS [Organization of American States], PAHO [Pan American Health Orga tion], IICA [Inter-American Instit for Cooperation on Agriculture], I [International Telecommunications Union], and CCC [Customs Coope tion Council].

As a result of careful study of criteria, by the Department of Stat and other interested U.S. Governm agencies, these 16 agencies were pl in four clusters, with each agency i each cluster to receive approximate the same percentage of the U.S. as sessment. For example, the WHO the IAEA will receive 100% fundin and the United Nations will receiv 75%.

The results of this clustering e cise form the basis for the reprogra ming letter that is being sent forw by the Department. It is, of course unfortunate that we cannot fund in all of the organizations that we beli are serving us well, particularly co ering the treaty obligations that at our membership in each of them. B in the circumstances, we believe th outcome is both reasonable and fair hope that the Congress will be sup ive of our approach, which was in f

ated by the criteria suggested by ›ngress.
suspect that the committee might sk why it is that the Administra- as not requested funds for FY ufficient to meet total require- . This is a legitimate question, ularly given my generally favor- ttitude toward the UN's technical ies and my concern that they may maged by the shortfall in overall priations for the CIO account. 'he financing question will, of e, be discussed before the appro- ons committees in the coming ›. But it can be noted now that ›tal of U.S. requirements for fund- om the FY 1989 budget is $657 n. The President's budget re- s $490 million, creating a shortfall 7 million. That shortfall will inev- have a negative impact on the technical agencies.
'he reason for the President's budg- quest, quite simply, is the agree- at the budget summit that red at the end of 1987. It was an ment between the Administration he Congress that, in order to ve the Gramm-Rudman-Hollings gs, overall FY 1989 requests l be no more than 2% over the FY levels. Our FY 1989 request of million for CIO account—2% over evel approved for FY 1988—is in vith this agreement. We are now e process of applying the same cri- -based approach used to allocate 988 funds for distribution of FY funds.

### :lusion

›e that this review has been helpful acing the UN's technical and spe- zed agencies in the context of the all UN system. My experience— d primarily upon my work as Am- ador to the United Nations Agen- in Vienna—is that the technical ıcies are often misunderstood in the ted States, and too often caught up uestions about the New York-based ted Nations. This is unfortunate. ir work in health, agriculture, avia- safety, nuclear energy safeguards, many other areas is vital to this ntry and to our policy affecting the of the world, in particular the de- ›ping nations. How the U.S. Govern- ıt treats those agencies is worthy of deepest consideration.

[1]The complete transcript of the hear- s will be published by the committee will be available from the Superintend- of Documents, U.S. Government Print- Office, Washington, DC 20402. ■

# Panama

**DEPARTMENT STATEMENT, FEB. 12, 1988[1]**

Our relations with Panama are complex, encompassing not only the close personal and cultural ties we share with all the nations of the hemisphere and our active economic, business, and military relationships there but also the historic and strategic dimension of the Panama Canal and our unique treaty relationship.

In recent years, our relations with Panama have become seriously strained because of the failure of Gen. Noriega to move Panama toward a more democratic system of government and because of persistent reports of his involvement in narcotics trafficking and other corruption. Nevertheless during this period, Panama and the United States have cooperated successfully in joint administration of the canal, efforts to halt regional drug trafficking, and other bilateral and multilateral areas.

In spite of numerous allegations of illegal activity by Gen. Noriega, the Department of Justice has determined until lately that there was not sufficient evidence to indict Gen. Noriega. When new evidence recently came to light, the Department of Justice successfully sought indictments by grand juries in Florida. Although law enforcement matters proceed independently of foreign policy matters, this action by the Justice Department had the full support of all foreign affairs agencies. As a matter of policy, we do not make substantive comment on pending criminal cases.

Our policy remains unchanged. We remain firmly committed to democracy and constitutional rule of law in Panama. We have repeatedly stated our view of the need for a Panamanian solution to its internal political problems—a process best achieved by dialogue and negotiation. We recognize that whatever solution emerges must make a place for all elements of Panamanian society, including the Panamanian defense forces. We look to maintain bilateral relations with the Government of Panama, as we continue to fulfill our treaty responsibilities and try to help Panama emerge from its present difficulties.

[1]Read to news correspondents by Department deputy spokesman Phyllis Oakley. ■

# Aid to Nicaragua

**WHITE HOUSE STATEMENT, JAN. 19, 1988[1]**

The President today made the determination and certification under Section 111(b)(2)(A) of the fiscal year 1988 continuing resolution (PL 100–202) that permits resumption of transportation of military assistance to the Nicaraguan democratic resistance authorized by the Congress.

Section 111 of the continuing resolution provided for suspension of transportation of military assistance to the resistance on January 12, 1988, and for resumption of such assistance after January 18, 1988, if the President determined and certified to the Congress that:

- No cease-fire is in place that was agreed to by the Government of Nicaragua and the Nicaraguan democratic resistance;
- The failure to achieve such a cease-fire results from the lack of good faith efforts by the Government of Nicaragua to achieve such a cease-fire; and
- The Nicaraguan democratic resistance has engaged in good faith efforts to achieve such a cease-fire.

The President's determination was based on the Secretary of State's findings, set forth in his January 18, 1988, report, that the conditions for resuming assistance to the resistance have been met.

The Sandinistas have a record, beginning with promises to the Organization of American States in 1979 and continuing through the Guatemala accord of August 7, 1987, of making promises of democracy and freedom that they do not keep. After the Central American Presidents summit meeting this past weekend in San Jose, Costa Rica, the Nicaraguan President issued yet more promises. That very weekend, the Sandinistas' internal security forces executed a wave of arrests and interrogations of leading members

of the surviving democratic political elements in Nicaragua. Moreover, while the Nicaraguan President demands unilateral termination of support for the forces of freedom in Nicaragua, the massive flow to the Sandinistas of Soviet-bloc arms continues unabated.

The United States remains fully committed to the achievement of democracy in Nicaragua and security in all of Central America as the essential conditions for a just and lasting peace in the region. The events which have unfolded since the signing of the Guatemala accord on August 7, 1987, have demonstrated once again that a strong Nicaraguan democratic resistance remains essential to the achievement of those conditions.

WHITE HOUSE STATEMENT, JAN. 27, 1988[2]

• The President today submitted a request to the Congress pursuant to Section 111 of the fiscal year 1988 continuing resolution (PL 100–202) for $36.25 million of additional aid for the Nicaraguan democratic resistance (NDR) to sustain the resistance. The request ensures that the resistance can continue the pressure on the Sandinista regime to comply with its obligations under the Guatemala accord of August 7, 1987, to bring democracy to Nicaragua.

All funds under the request are derived by transfer from existing defense appropriations. Ninety percent of the funds requested provided nonlethal aid, such as food, clothing, medicines, and the means to deliver it. Ten percent provides for Redeye air defense missiles, for use against the Sandinistas' Soviet-made Hind helicopter gunships and ammunition.

The request prohibits the purchase of aircraft to transport aid to the resistance, but permits leasing aircraft. To ensure the availability of leased aircraft, the request authorizes the President to transfer not more than $20 million from defense appropriations to indemnify the owners of leased aircraft in the event of loss, but which will otherwise not be spent. The request also provides for electronic equipment, radar, and other passive air defense equipment to protect the safety of transportation.

The request supports the Central American peace process by providing a clear opportunity for the Sandinista regime to comply with its obligation to establish democracy and to negotiate a cease-fire directly with the resistance. The request prohibits delivery of all lethal aid after February 29, 1988, which is the date on which current authority to deliver lethal aid expires. Thereafter, delivery of lethal aid may begin only if, after March 31, 1988, the President certifies to the Congress that (A) there is no cease-fire in place between the Government of Nicaragua and the resistance, (B) that Nicaragua has not met its obligations to comply with the requirements of the declaration of the Presidents of the Central American tions at San Jose, Costa Rica, on Ja ary 16, 1988, and (C) that the resist has negotiated in good faith.

The Congress will consider a jo resolution to approve the President' quest under expedited procedures t provide for a vote in the House of F resentatives on February 3 and a v in the Senate on February 4.

[1]Text from Weekly Compilation of Presidential Documents of Jan. 25, 198

[2]Text from Weekly Compilation of Presidential Documents of Feb. 1, 198

# Central American Peace Process

WHITE HOUSE STATEMENT, JAN. 19, 1988[1]

President Reagan believes that the outcome of the January 15 summit meeting of the Central American presidents presents important opportunities to further peace and democracy in this troubled region.

At the San Jose summit, there was a clear consensus among the four Central American democratic presidents that the Sandinistas had not complied with the peace accord. By making his last minute promises, President [Daniel] Ortega implicitly acknowledged the accuracy of that judgment.

The Guatemala City plan aims at peace and democracy for all of Central America. Its objectives, in combination with the pressures from the Central American democracies and the Nicaraguan democratic resistance, have prompted the Sandinistas to reluctantly promise to diminish their tight control over the Nicaraguan political system and to provide a glimmer of hope to the Nicaraguan people that democracy and freedom may eventually be established.

The key issue is whether Daniel Ortega is really committed to genuine democracy or just seeks the elimin of the Nicaraguan democratic resistance. The Sandinistas' track rec is clear and must be considered in uating the latest Sandinista offer. T is a need for openmindedness and b along with skepticism. We welcome new promises, but note that while Daniel Ortega was in Costa Rica m ing them, his government was arre prominent democratic leaders insid Nicaragua.

The focus is where it belongs: the Sandinistas—their promises an their actions. The President believ that continued support for the Nic araguan democratic resistance will the pressure on the Sandinistas to forward with genuine and enduring democratic reforms. The Nicaragua democratic resistance is the best i ance policy for keeping the peace p ess on track and producing a democratic outcome in Nicaragua. is not the time to falter in our supp for the freedom fighters.

[1]Text from Weekly Compilation of Presidential Documents of Jan. 25, 19

# rrent Actions

ILATERAL

**tica**

mendations relating to the fur-
ce of the principles and objectives of
tarctic treaty (TIAS 4780). Done at
gton Nov. 10, 1972. Entered into
May 29, 1975, for recommendations
through VII–3 and VII–6 through
June 24, 1981, for recommendations
and VII–9.
ation of approval: U.K., Feb. 10,
or recommendation VII–5.
d into force: Feb. 10, 1988, for rec-
ndation VII–5.

mendations relating to the fur-
ce of the principles and objectives of
tarctic treaty (TIAS 4780). Done at
ls Oct. 18, 1985.[1]
ation of approval: Uruguay, Dec. 29,
apan, Dec. 25, 1987, except for rec-
ndations XIII–10 through XIII–13.

**on, Civil**

ntion for the suppression of unlawful
e of aircraft. Done at The Hague
6, 1970. Entered into force Oct. 14,
TIAS 7192.
sion deposited: Maldives, Sept. 1,

ntion for the suppression of unlawful
gainst the safety of civil aviation.
at Montreal Sept. 23, 1971. Entered
orce Jan. 26, 1973. TIAS 7570.
sion deposited: Maldives, Sept. 1,

**ls**

col to the treaty concerning the per-
nt neutrality and operation of the
na Canal (TIAS 10029). Done at
ington Sept. 7, 1977. Enters into
for each state at the time of deposit
instrument of accession.
ssions deposited: Barbados, Sept. 14,
Germany, Fed. Rep., Feb. 9, 1988.[2]

**ne Pollution**

ention on the prevention of marine
tion by dumping of wastes and other
er, with annexes. Done at London,
co City, Moscow, and Washington Dec.
972. Entered into force Aug. 30, 1975.
8165.
ssion deposited: Ivory Coast, Oct. 9,

ndments to the convention of Dec. 29,
on the prevention of marine pollution
mping of wastes and other matter
S 8165). Done at London Oct. 12,

otance deposited: Switzerland, Dec.
987.

International convention relating to intervention on the high seas in cases of oil pollution casualties, with annex. Done at Brussels Nov. 29, 1969. Entered into force May 6, 1975. TIAS 8068.
Ratification deposited: Switzerland, Dec. 15, 1987.

International convention on civil liability for oil pollution damage. Done at Brussels Nov. 29, 1969. Entered into force June 19, 1975.[3]
Ratification deposited: Switzerland, Dec. 15, 1987.

Protocol relating to intervention on the high seas in cases of pollution by substances other than oil. Done at London Nov. 2, 1973. Entered into force Mar. 30, 1983. TIAS 10561.
Accession deposited: Switzerland, Dec. 15, 1987.

Annex V to the international convention for the prevention of pollution from ships, 1973: regulations for the prevention of pollution by garbage from ships. Done at London Nov. 2, 1973.
Enters into force: Dec. 31, 1988.

**Maritime Matters**

International convention on load lines, 1966. Done at London, Apr. 5, 1966. Entered into force July 21, 1968. TIAS 6331, 6629.

Amendments to the international convention on load lines, 1966. Adopted at London Oct. 12, 1971.[1]
Accessions deposited: Burma, Nov. 11, 1987.

Amendments to the international convention on load lines, 1966. Adopted at London Nov. 12, 1975.[1]
Acceptance deposited: Switzerland, Dec. 15, 1987.

Convention on the international regulations for preventing collisions at sea, with regulations. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587.
Accession deposited: Burma, Nov. 11, 1987.

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.

Protocol of 1978 relating to the international convention for the safety of life at sea (TIAS 9700). Done at London Feb. 17, 1978. Entered into force May 1, 1981. TIAS 10009.
Accessions deposited: Burma, Nov. 11, 1987.

International convention on standards of training, certification, and watchkeeping for seafarers, 1978. Done at London July 7, 1978. Entered into force Apr. 28, 1984.[3]
Accession deposited: Canada, Nov. 6, 1987[4]
Ratification deposited: Switzerland, Dec. 15, 1987.

International convention on maritime search and rescue, 1979, with annex. Done at Hamburg Apr. 27, 1979. Entered into force June 22, 1985.
Accession deposited: Uruguay, Dec. 15, 1987.

**Migration**

Amendments to the constitution of the intergovernmental committee for migration of Oct. 19, 1953 (TIAS 3197). Adopted at Geneva May 20, 1987. Enters into force upon acceptance by two-thirds of the member states or as further provided in Art. 30(2).[1]
Acceptance deposited: U.S., Feb. 19, 1988.

**Patents—Microorganisms**

Budapest treaty on the international recognition of the deposit of microorganisms for the purposes of patent procedure, with regulations. Done at Budapest Apr. 28, 1977. Entered into force Aug. 19, 1980. TIAS 9768.
Accession deposited: Korea, Rep. of, Dec. 28, 1987.

**Pollution**

Montreal protocol on substances that deplete the ozone layer with annex. Done at Montreal Sept. 16, 1987.[1] [Senate] Treaty Doc. 100–10.
Signatures: Greece, Oct. 29, 1987; Belorussian S.S.R., Jan, 22, 1988; Ukrainian S.S.R., Feb. 18, 1988; U.S.S.R., Dec. 29, 1987.

**Prisoner Transfer**

Convention on the transfer of sentenced persons. Done at Strasbourg Mar. 21, 1983. Entered into force July 1, 1985. TIAS 10824.
Ratifications deposited: Greece, Dec. 17, 1987;[5] Switzerland, Jan. 15, 1988.[5]
Territorial application: Extended to Faroe Islands by Denmark, with effect May 1, 1988.

**Terrorism**

International convention against the taking of hostages. Done at New York Dec. 17, 1979. Entered into force June 3, 1983; for the U.S. Jan. 6, 1985.
Accession deposited: Czechoslovakia, Jan. 27, 1988.

**Trade**

UN convention on contracts for the international sale of goods. Done at Vienna Apr. 11, 1980. Entered into force Jan. 1, 1988. [52 Fed. Reg. 6262]
Proclaimed by the President: Feb. 11, 1988.

Protocol of provisional application of the General Agreement on Tariffs and Trade. Concluded at Geneva Oct. 30, 1947. Entered into force Jan. 1, 1948. TIAS 1700.
Contracting party status accorded: Lesotho, Jan. 8, 1988.

Protocol amending the agreement of Apr. 12, 1979, on government procurement (TIAS 10403). Done at Geneva Feb. 2, 1987. Entered into force: Feb. 14, 1988.

**Whaling**
International whaling convention and schedule of whaling regulations. Done at Washington Dec. 2, 1946. Entered into force Nov. 10, 1948. TIAS 1849.
Notification of withdrawal: Belize, Dec. 30, 1987, effective June 30, 1988.

**Wheat**
Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986. [Senate] Treaty Doc. 100–1.

Food aid convention, 1986. Done at London Mar. 13, 1986. Entered into force July 1, 1986. [Senate] Treaty Doc. 100–1.
Ratification deposited: U.S., Jan. 27, 1988.
Definitive entry into force for the U.S.: Jan. 27, 1988.

## BILATERAL

**Argentina**
Memorandum of understanding on the exchange of officers between the U.S. Marine Corps and the Argentine Marine Corps. Signed at Washington Oct. 7 and Dec. 3, 1987. Entered into force Dec. 3, 1987.

**Canada**
Agreement extending the agreement of Aug. 25, 1982 (TIAS 10456), respecting cooperation in radioactive waste management. Effected by exchange of letters at Washington and Pinawa May 29 and June 25, 1987. Entered into force June 25, 1987.

Arrangement in the area of natural gas hydrates research and development. Signed at Ottawa and Washington Dec. 11, 1987, and Feb. 16, 1988. Entered into force Feb. 16, 1988.

Treaty on mutual legal assistance in criminal matters, with annex. Signed at Quebec Mar. 18, 1985.[1] [Senate] Treaty Doc. 100–14.
Transmitted to Senate: Feb. 22, 1988.

**Dominican Republic**
Agreement for sales of agricultural commodities, with memorandum of understanding. Signed at Santo Domingo June 30, 1987. Enters into force upon an exchange of notes indicating that internal procedures of both countries have been completed.

Agreement amending special access agreement of Dec. 18, 1986, relating to trade in certain textiles and textile products. Effected by exchange of notes at Santo Domingo Oct. 19 and Dec. 16, 1987. Entered into force Dec. 16, 1987.

Agreement amending special access agreement of Dec. 18, 1986, as amended, and agreement of Dec. 30, 1983, as amended, relating to trade in certain textiles and textile products. Effected by exchange of notes at Santo Domingo Dec. 15 and 17, 1987. Entered into force Dec. 17, 1987.

**Egypt**
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes and related letter. Signed at Cairo Nov. 14, 1987. Entered into force Feb. 22, 1988.

Grant agreement for commodity imports. Signed at Cairo Feb. 9, 1988. Entered into force Feb. 9, 1988.

**El Salvador**
Agreement concerning relief from double taxation on income derived from operation of aircraft. Effected by exchange of notes at San Salvador, Dec. 17, 1987. Entered into force Dec. 17, 1987.

**Germany, Federal Republic of**
Agreement extending the agreement of June 8, 1976 (TIAS 8657), as extended, in the field of liquid metal-cooled fast breeder reactors. Effected by exchange of letters at Bonn and Washington Dec. 15 and 31, 1987. Entered into force Dec. 31, 1987.

Supplementary agreements amending the agreement on social security of Jan. 7, 1976, and the administrative agreement of June 21, 1978 (TIAS 9542). Signed at Washington Oct. 2, 1986.
Entered into force: Mar. 1, 1988.

**Guinea-Bissau**
Agreement relating to the establishment of a Peace Corps program. Effected by exchange of notes at Bissau Jan. 12 and 15, 1988. Entered into force Jan. 15, 1988.

**Japan**
Parcel post agreement, protocol, and detailed regulations of execution. Signed at Tokyo and Washington Oct. 2 and Nov. 3, 1958. Entered into force Nov. 3, 1958.
Termination: Notification given by U.S. Feb. 1, 1988, effective Aug. 1, 1988.

Agreement between the U.S. and Japan amending and extending the agreement of Sept. 10, 1982, concerning fisheries off the coasts of the U.S. (TIAS 10480), with agreed minutes. Signed at Washington Nov. 10, 1987.
Entered into force: Dec. 31, 1987.

Agreement extending the agreement of May 1, 1980 (TIAS 9760), as extended, on cooperation in research and development in science and technology. Effected by exchange of notes at Washington Jan. 29, 1988. Entered into force Jan. 29, 1988; effective Feb. 1, 1988.

**Macao**
Agreement amending agreement of D 28, 1983, and Jan. 9, 1984, as amende relating to trade in textiles and textil products. Effected by exchange of no Hong Kong and Macao Jan. 8 and 12, Entered into force Jan. 12, 1988; effec Jan. 1, 1988.

**Madagascar**
Agreement amending the agreement June 10, 1987, for sales of agricultura modities. Effected by exchange of no Antananarivo Oct. 23 and 30, 1987. E tered into force Oct. 30, 1987.

**Mexico**
Treaty on cooperation for mutual leg sistance. Signed at Mexico Dec. 9, 19 [Senate] Treaty Doc. 100–13.
Transmitted to Senate: Feb. 16, 1988.

**Netherlands**
Agreement amending the air transpo agreement of Apr. 3, 1957, as amende (TIAS 4782, 6797, 8998). Effected by change of notes at Washington Oct. 1 Dec. 22, 1987. Entered into force pro sionally, Dec. 23, 1987; definitively, o date on which the U.S. is informed b Netherlands that all necessary inter procedures have been completed.

Agreement on preinspection in respe Aruba. Signed at Oranjestad June 1 Entered into force: Mar. 11, 1988.

**Peru**
Grant agreement for an agricultural nology transformation project. Signe Lima Sept. 25, 1987. Entered into fo Sept. 25, 1987.

**Rwanda**
International express mail agreemen detailed regulations. Signed at Kigal Washington Jan. 15 and Feb. 8, 1988. tered into force Mar. 15, 1988.

**South Africa**
Agreement for cooperation in the de ment, building, installation, and ope of an integrated, real-time global sei data acquisition system. Signed at P Dec. 1, 1987. Entered into force Dec. 1987.

**Spain**
Agreement on social security, with a istrative arrangement. Signed at Ma Sept. 30, 1986.
Entered into force: Apr. 1, 1988.

**Tanzania**
International express mail agreemen detailed regulations. Signed at Dar e laam and Washington Dec. 30, 1987, Jan. 25, 1988. Entered into force Feb 1988.

**a**
ent regarding the consolidation and
duling of certain debts owed to,
nteed by, or insured by the U.S. Gov-
nt and its agencies, with annexes.
at Kampala Jan. 13, 1988. Entered
rce Feb. 22, 1988.

**R.**
on the elimination of intermediate-
and shorter range missiles, with
randum of understanding and pro-
Signed at Washington Dec. 8, 1987.[1]
e] Treaty Doc. 100–11.
nitted to the Senate: Jan. 25, 1988.

**l Kingdom**
mentary treaty to the extradition
of June 8, 1972 (TIAS 8468), with
Signed at Washington June 25,
Entered into force Dec. 23, 1986.
imed by the President: Feb. 4,

Agreement extending the agreement of Sept. 20, 1976, as amended and extended (TIAS 10213), in the field of liquid metal-cooled fast breeder reactors. Effected by exchange of letters at Risley and Washington Nov. 25 and Dec. 28, 1987. Entered into force Dec. 28, 1987.

Agreement concerning the investigation of drug trafficking offenses and the seizure and forfeiture of proceeds and instrumentalities of drug trafficking, with attachment and exchange of notes. Signed at London Feb. 9, 1988. Enters into force on the date of exchange of notes setting forth the intention of both governments to be bound by agreement.

[1]Not in force.
[2]Applicable to Berlin (West)
[3]Not in force for the U.S.
[4]With reservation.
[5]With declaration(s).
[6]With amendments. ■

## artment of State

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| Date | Subject |
|---|---|
| 2/1 | Shultz: interview on ABC–TV's "This Week With David Brinkley," Jan. 31. |
| 2/4 | Shultz: statement, House Foreign Affairs Committee, Feb. 2. |
| 2/4 | Shultz: remarks, American Friends of Turkey, Crystal City, Va. |
| 2/8 | Shultz: address and question-and-answer session, Henry M. Jackson School of International Studies, Seattle, Feb. 5. |
| 2/10 | Shultz: interview on PBS–TV, University of Washington, Seattle, Feb. 5. |
| 2/10 | Shultz, Yeo: remarks at opening session of the 8th U.S.-ASEAN Dialogue. |
| 1/16 | Program for the official working visit to Washington, D.C., of West German Chancellor Kohl, Feb. 17–19. |
| 1/16 | Shultz: address before the Anti-Defamation League of B'nai B'rith, Palm Beach, Feb. 12. |
| 1/17 | Shultz: news conference, Bal Harbour, Feb. 16. |
| *20 | 2/18 | Chester E. Norris sworn in as Ambassador to Equatorial Guinea, Feb. 17 (biographic data). |
| *21 | 2/18 | Richard S. Williamson sworn in as Assistant Secretary for International Organization Affairs (biographic data). |
| *22 | 2/19 | Shultz: interview on USIA's "Worldnet," Feb. 18. |
| *23 | 2/22 | Program for the official working visit to Washington, D.C., of Portuguese Prime Minister Silva, Feb. 23–25. |
| *24 | 2/24 | Shultz, news conference, Helsinki, Feb. 20. |
| *25 | 2/24 | Shultz: remarks at human rights reception, Moscow, Feb. 21. |
| *26 | 2/25 | Shultz: news conference, Moscow, Feb. 22. |
| 27 | 2/25 | *Foreign Relations of the United States*, 1961–63, Volume I, Vietnam, 1961, released. |
| *28 | 2/29 | Shultz: news conference, NATO Headquarters, Brussels, Feb. 23. |
| *29 | 2/29 | Shultz: statement, American Colony Hotel, Jerusalem, Feb. 26. |
| *30 | 2/29 | Shultz: departure remarks, Amman, Jordan, Feb. 27. |

*Not printed in the BULLETIN. ■

## Department of State

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**Secretary Shultz**
The Struggle Against Terrorism, Anti-Defamation League of B'nai B'rith, Palm Beach, Feb. 12, 1988 (Current Policy #1045).
Managing the U.S.-Soviet Relationship, Henry M. Jackson School of International Studies, Seattle, Feb. 5, 1988 (Current Policy #1043).
America's Foreign Policy Agenda in 1988, House Foreign Affairs Committee, Feb. 2, 1988 (Current Policy #1040).
The INF Treaty: Strengthening U.S. Security, Senate Foreign Relations Committee, Jan. 25, 1988 (Current Policy #1038).

**Arms Control**
U.S. Arms Control Initiatives, Feb. 15, 1988 (Special Report #176).
The INF Treaty: Negotiation and Ratification, Ambassadors Kampelman and Glitman, House Foreign Affairs Committee, Jan. 26, 1988 (Current Policy #1039).

**East Asia**
U.S.-China Science and Technology Exchanges (GIST, Feb. 1988).
U.S.-Japanese Relations (GIST, Feb. 1988).

**Europe**
The U.S. Approach to Eastern Europe: A Fresh Look, Deputy Secretary Whitehead, Washington Institute of Foreign Affairs, Jan. 19, 1988 (Current Policy #1044).
U.S.-U.S.S.R. Cultural and Educational Exchanges (GIST, Feb. 1988).

**Human Rights**
The Semantics of Human Rights, Assistant Secretary Schifter, Conference on Human Rights and Religious Freedom, Venice, Feb. 4, 1988 (Current Policy #1041).
Implementation of Helsinki Final Act April 1–October 1, 1987 (Special Report #172, Feb. 1988).

**Refugees**
Refugees Worldwide and U.S. Foreign Policy: Reciprocal Impacts, Ambassador Moore, World Affairs Council, Los Angeles, Nov. 19, 1987 (Current Policy #1036).

**United Nations**
International Civil Aviation Organization (GIST, Feb. 1988).

**Western Hemisphere**
El Salvador: U.S. Policy (GIST, Feb. 1988). ■

# *Foreign Relations* Volume Released

The Department, on February 25, 1988, released *Foreign Relations of the United States*, 1961–1963, Volume I, Vietnam, 1961. This is the most recent volume in the official published historical documentation on American foreign policy and the first volume recording the events and efforts of the Administration of President John F. Kennedy.

In 1961, the U.S. Government made repeated efforts to assess the growing strength of the communist insurgency in South Vietnam and to urge President Diem and his regime to take the necessary measures to defeat the Viet Cong. This volume chronicles the debate within the Kennedy Administration over the terms and degree of American involvement in Vietnam. The American experience in the Korean war, the continuing turmoil in Laos, and the crisis in Berlin all had an impact upon the efforts to contain communism in Southeast Asia. Despite measured military and economic assistance and a morale-boosting visit by Vice President Lyndon Johnson, an increasingly pessimistic appraisal of the situation in South Vietnam by the early summer of 1961 gave rise to proposals in Washington for the introduction of U.S. combat forces into the country. President Kennedy's military representative, General Maxwell Taylor, visited Vietnam at the end of the year and came back with recommendations for wide-ranging reforms of the Diem government and the dispatch of U.S. troops. The proposals set off a controversy among the President's advisers, but by year's end the President had decided against sending troops.

*Foreign Relations*, 1961–1963, Vietnam, comprises 768 pages of previously classified foreign affairs records from the Department of State, the White House, and other government agencies. The Department of State is currently publishing the *Foreign Relations* series with the goal of releasing the record of the Eisenhower foreign policy by 1990. The Department recognizes the continuing interest in the diplomacy of the Vietnam war and is expediting the publication of the *Foreign Relations* volumes on Vietnam. *The Foreign Relations* series is prepared by the Office of the Historian, Bureau of Public Affairs, Department of State.

Copies of Volume 1 (Departme State Publication No. 9625, GPO S No. 044-000-02195-1) may be purch for $21.00 (domestic postpaid) from Superintendent of Documents, U.S Government Printing Office, Washington, D.C., 20402. Checks or mo orders should be made payable to Superintendent of Documents.

Press release 27 of Feb. 25, 1988. ■

# CSCE Semiannual Report Released

On behalf of the President, the Secretary of State on December 4, 1987, transmitted the 23d semiannual report on the implementation of the Helsinki Final Act and the Madrid concluding document to the congressional Commission on Security and Cooperation in Europe.

This report covers the period April 1, 1987, to October 1, 1987, and provides an assessment of Soviet and East European compliance with commitments they undertook as signatories of the Helsinki Final Act and the Madrid concluding document. Among the issues discussed are human rights and humanitarian concerns; security and confidence-building measures; economic, scientific, and technological cooperation; emigration; freedom of information; and educational and cultural exchanges.

The report acknowledges that the record of compliance varied among the East European states, but it makes evident that overall performance by the Warsaw Pact nations in the area of human rights and human contacts remains deplorable. While recognizing that some positive developments have taken place, the report highlights the fac that many citizens of these countri continue to suffer persecution for tempting to exercise their basic hu rights or for focusing attention on lations of these human rights and damental freedoms.

At the Conference on Security Cooperation in Europe (CSCE) fol lowup meeting currently underwa Vienna, the United States and oth lied delegations have also made th points, recognizing improvements they occur and vigorously highlig continuing Soviet and East Europ failures where they remain.

This report is an important el ment in the continuing U.S. effort assess the progress and shortcomi in the implementation of the CSCI goals of protecting human rights, strengthening security, expanding eration, and building mutual confidence.

Free single copies of this 46-p report are available from the Correspondence Management Divi Bureau of Public Affairs, Departm of State, Washington, D.C. 20520. Please request Special Report #17

1988
me 88, No. 2133

National Security Strategy of the
d States (Reagan) ..... 1
**Control**
a's Foreign Policy Agenda in 1988
tz) ..... 43
ence on Disarmament Reconvenes in
na (Reagan) ..... 51
ng the U.S.-Soviet Relationship
tz) ..... 38
al Security Strategy of the United
s (Reagan) ..... 1
r Testing Talks Open Round Two
te House statement) ..... 50
ry's Interview on "This Week With
d Brinkley" (excerpts) ..... 48
Experts Visit U.S. Nuclear Test Site
t statement) ..... 51
**ation of South East Asian Nations.**
-ASEAN Dialogue Held in
ington (Shultz, Yeo,
statement) ..... 52
U.S. Removes GSP Status for Four
omies (White House statement,
e House fact sheet) ..... 65
ess
a's Foreign Policy Agenda in 1988
ltz) ..... 43
al Security Strategy of the United
es (Reagan) ..... 1
eport on Cyprus (message to the
gress) ..... 69
gencies and the Budget
liamson) ..... 81
s. 35th Report on Cyprus (message to
Congress) ..... 69
**tment & Foreign Service.** America's
ign Policy Agenda in 1988
ltz) ..... 43
**Asia**
nal Security Strategy of the United
es (Reagan) ..... 1
ASEAN Dialogue Held in Washington
ultz, Yeo, joint statement) ..... 52
**omics**
ging the U.S.-Soviet Relationship
ultz) ..... 38
nal Security Strategy of the United
tes (Reagan) ..... 1
gencies and the Budget
liamson) ..... 81
J.S. Approach to Eastern Europe: A
sh Look (Whitehead) ..... 66
ASEAN Dialogue Held in Washington
ultz, Yeo, joint statement) ..... 52
**t**
Republic of Egypt ..... 74
of Egyptian President (Mubarak,
agan) ..... 72

**Europe**
National Security Strategy of the United States (Reagan) ..... 1
The U.S. Approach to Eastern Europe: A Fresh Look (Whitehead) ..... 66
**Fisheries.** U.S.-U.S.S.R. Meeting on Fisheries Issues (joint statement) .... 68
**Hong Kong.** U.S. Removes GSP Status for Four Economies (White House statement, White House fact sheet) ..... 65
**Human Rights**
Managing the U.S.-Soviet Relationship (Shultz) ..... 38
The Semantics of Human Rights (Schifter) ..... 70
The Struggle Against Terrorism (Shultz) ..... 35
The U.S. Approach to Eastern Europe: A Fresh Look (Whitehead) ..... 66
**Japan**
U.S.-Japanese Relations ..... 64
U.S.-Japanese Relations in Focus (Clark) ..... 58
Visit of Japanese Prime Minister (Reagan, Takeshita, joint statement) ..... 61
**Korea.** U.S. Removes GSP Status for Four Economies (White House statement, White House fact sheet) ..... 65
**Lebanon.** Passport Restriction for Lebanon (Department statement) ..... 79
**Middle East**
National Security Strategy of the United States (Reagan) ..... 1
Secretary's Interview on "This Week With David Brinkley" (excerpts) ..... 48
**Nicaragua**
Aid to Nicaragua (White House statements) ..... 85
America's Foreign Policy Agenda in 1988 (Shultz) ..... 43
Central American Peace Process (White House statement) ..... 86
Peace and Democracy for Nicaragua (Reagan) ..... 32
Secretary's Interview on "This Week With David Brinkley" (excerpts) ..... 48
**North Atlantic Treaty Organization.** National Security Strategy of the United States (Reagan) ..... 1
**Nuclear Policy.** Continuation of Aid to Pakistan (White House statement) .... 80
**Pacific.** National Security Strategy of the United States (Reagan) ..... 1
**Pakistan.** Continuation of Aid to Pakistan (White House statement) ..... 80
**Panama.** Panama (Department statement) ..... 85
**Passports.** Passport Restriction for Lebanon (Department statement) ..... 79

**Presidential Documents**
Conference on Disarmament Reconvenes in Vienna ..... 51
National Security Strategy of the United States ..... 1
Peace and Democracy for Nicaragua .... 32
Visit of Egyptian President (Mubarak, Reagan) ..... 72
Visit of Japanese Prime Minister (Reagan, Takeshita, joint statement) ..... 61
**Publications**
CSCE Semiannual Report Released ..... 90
Department of State ..... 89
*Foreign Relations* Volume Released ..... 90
**Singapore.** U.S. Removes GSP Status for Four Economies (White House statement, White House fact sheet) ..... 65
**South Asia.** National Security Strategy of the United States (Reagan) ..... 1
**Terrorism**
America's Foreign Policy Agenda in 1988 (Shultz) ..... 43
The Struggle Against Terrorism (Shultz) ..... 35
**Trade**
America's Foreign Policy Agenda in 1988 (Shultz) ..... 43
National Security Strategy of the United States (Reagan) ..... 1
U.S. Removes GSP Status for Four Economies (White House statement, White House fact sheet) ..... 65
**Treaties.** Current Actions ..... 87
**U.S.S.R.**
Managing the U.S.-Soviet Relationship (Shultz) ..... 38
Nuclear Testing Talks Open Round Two (White House statement) ..... 50
Soviet Experts Visit U.S. Nuclear Test Site (joint statement) ..... 51
The U.S. Approach to Eastern Europe: A Fresh Look (Whitehead) ..... 66
U.S.-U.S.S.R. Meeting on Fisheries Issues (joint statement) ..... 68
**United Nations.** UN Agencies and the Budget (Williamson) ..... 81
**Western Hemisphere**
Central American Peace Process (White House statement) ..... 86
National Security Strategy of the United States (Reagan) ..... 1

*Name Index*

Clark, William, Jr ..... 58
Mubarak, Hosni Mohammed ..... 72
Reagan, President ..... 1,32,51,61,69,72
Schifter, Richard ..... 70
Shultz, Secretary ..... 35,38,43,48,52
Takeshita, Noboru ..... 61
Whitehead, John C ..... 66
Williamson, Richard S ..... 81
Yeo Cheow Tong ..... 52

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NATO Summit/1

The Secretary/12

Portugal/47

Middle East/56

Panama/69

**Department of State**

# bulletin

Volume 88 / Number 2134 / May 1988

**Cover photo:**
**President Reagan and Secretary Shultz at the North Atlantic Council meeting in Brussels, March 1988.**
(White House photo by Pete Souza)

The DEPARTMENT OF STATE BULLETIN, published by the Office of Public Communication in the Bureau of Public Affairs, is the official record of U.S. foreign policy. Its purpose is to provide the public, the Congress, and government agencies with information on developments in U.S. foreign relations and the work of the Department of State and the Foreign Service. The BULLETIN'S contents include major addresses and news conferences of the President and the Secretary of State; statements made before congressional committees by the Secretary and other senior State Department officials; selected press releases issued by the White House, the Department, and the U.S. Mission to the United Nations; and treaties and other agreements to which the United States is or may become a party. Special features, articles, and other supportive material (such as maps, charts, photographs, and graphs) are published frequently to provide additional information on current issues but should not necessarily be interpreted as official U.S. policy statements.

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# CONTENTS


## e President

President Attends NATO Summit *(President Reagan, Statement, Declaration)*
President's Visit to Mexico *(Miguel de la Madrid Hurtado, President Reagan)*
News Conference of February 24 *(Excerpts)*

## e Secretary

Meeting Our Foreign Policy Goals
The INF Treaty: Advancing U.S. Security Interests
Interview on "Meet the Press"

## rica

South Africa's Proposal to Ban Foreign Funds *(Department Statement)*

## ms Control

SDI: Enhancing Security and Stability *(Edward L. Rowny)*
U.S. Arms Control Initiatives

## st Asia

Current Reflections on U.S.-Japan Relations *(Gaston J. Sigur, Jr.)*
Pacific Development and the New Internationalism *(Richard H. Solomon)*
Indochinese Refugees and Relations With Thailand *(William A. Brown)*

## Europe

42 Secretary Shultz Visits Moscow *(Joint Statement)*
42 Soviet Foreign Minister Visits Washington *(Joint Statement)*
43 Romania Renounces MFN Renewal *(Department Statement)*
44 Chancellor Kohl Meets With President Reagan *(Helmut Kohl, President Reagan)*
46 Lithuanian Independence Day, 1988 *(Proclamation)*
47 Visit of Portuguese Prime Minister *(Anibal Cavaco Silva, President Reagan)*
48 Republic of Portugal

## Human Rights

54 Human Rights and Change in Eastern Europe *(John C. Whitehead)*

## Middle East

56 A Statement for Palestinians *(Secretary Shultz)*
57 Middle East Peace Plan *(Secretary Shultz)*

## Refugees

58 Aspects of U.S. Resettlement Programs for Vietnamese Refugees *(Robert L. Funseth)*

## Terrorism

61 Terrorism: Myths and Reality *(Paul L. Bremer, III)*
62 U.S. Signs Treaty on Maritime Security *(Department Statement)*
64 U.S. Condemns North Korean Terrorism *(William Clark, Jr., Clayton C. McManaway)*

## United Nations

67 U.S. Interests in the United Nations *(Vernon A. Walters)*

## Western Hemisphere

69 Events in Panama *(Elliott Abrams, President Reagan, Secretary Shultz, White House Statements)*
73 Sandinista Offensive *(Secretary Shultz, Department and White House Statements)*
74 Nicaraguan Resistance and Sandinistas Reach Agreement *(Secretary Shultz)*
76 U.S.-Cuba Migration Agreement: Resolving Mariel *(Kenneth N. Skoug, Jr.)*

## Treaties

81 Current Actions

## Press Releases

85 Department of State

## Publications

85 Department of State
85 Background Notes

## Index



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DEPOSITORY
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# President Attends NATO Summit

*President Reagan joined the heads of state and government of the members of the North Atlantic Treaty Organization (NATO) at a meeting of the North Atlantic Council in Brussels March 2–3, 1988.*

*Following are remarks made by the President on various occasions during the visit and the texts of the statement and declaration issued by the North Atlantic Council.*

## DEPARTURE REMARKS, MAR. 1, 1988[1]

I am going to Europe to meet with a group of friends and colleagues: the leaders of the North Atlantic alliance. We and our foreign affairs and defense ministers see a good deal of each other, just as friends should. But the meeting that begins in Brussels tomorrow will be special. It will be the first time in almost 6 years that leaders of all the NATO countries have met together for a summit.

Much has happened in those 6 years that we can be very proud of, including the INF [Intermediate-Range Nuclear Forces] Treaty with the Soviet Union that removes an entire class of U.S. and Soviet nuclear weapons—weapons that, on the Soviet side, have held the European Continent at risk. That historic agreement was possible, because the alliance's steadfast political and military resolve backed up our negotiations with the Soviets. But the purpose of this summit is not self-congratulations. Our responsibility is to the future, and it will be to the future that we turn our attention tomorrow.

Our first priority is to maintain a strong and healthy partnership between North America and Europe, for this is the foundation on which the cause of freedom so crucially depends. We will never sacrifice the interests of this partnership in any agreement with the Soviet Union. NATO's agenda for peace and freedom has always been ambitious, and it must remain so.

In the arms control area, we will continue to press for Soviet agreement to 50% reductions in the strategic nuclear forces of both sides and for a truly global and verifiable ban on chemical weapons. My colleagues and I will be working to give negotiations on conventional forces a new start as well.

We will also discuss Soviet behavior toward its own citizens and toward other countries, since problems of human rights and external aggression remain key obstacles to long-term improvement of East-West relations.

If our common approach to the East over the years has given coherence to our message of peace and world freedom, it has been our unwavering commitment to defend ourselves that has given it credibility. Arms reduction can only succeed if it is backed up by a strong defense. My Atlantic colleagues and I will rededicate ourselves to maintaining the deterrent that has protected our freedom and prosperity for almost 40 years. I will repeat to my colleagues my strong conviction that American troops will remain in Europe, under any Administration, so long as Europeans want them to stay.

We can be rightfully proud of these 40 years of peace that our common commitment has brought, but the job is not finished. We in the alliance will not be satisfied merely with a record period without war. We seek nothing less than permanent peace with freedom in Europe and the North Atlantic. This bold objective can be attained, but we must have the courage to follow the course that we have set for ourselves. For four decades, the combination of a strong common defense and pursuit of dialogue with the East has been a winning formula for NATO. It is a combination that can lead us to a future of peace, freedom, and prosperity for generations to come.

## PRESIDENT'S REMARKS, MAR. 2, 1988[1]

I promised a statement; I have a statement. Today's meetings have been extremely productive. There is a strong sense of unity in the alliance, as reflected in the statement on conventional imbalance in Europe. This document is

a major step forward for the alliance. The most direct threat to our security and to stability in Europe lies in the Soviet Union's massive military presence at a level far exceeding its defense needs.

First, effective defenses are vital. We are determined to ensure that the alliance's defenses remain strong. We will continue to cooperate on better and more efficient ways to maintain our defenses.

Second, we also seek to strengthen stability through effective and verifiable conventional arms reduction. Large asymmetrical reductions in the Warsaw Pact tanks and artillery, which pose the greatest threat to peace, are essential in meeting this goal; but arms reduction is not enough. Arms are only the symptom, not the cause of the political division of Europe between free and unfree societies.

In addition to arms reductions, we also look for greater respect for the human rights and fundamental freedoms on which lasting security and stability in Europe ultimately depend.

During my meetings in Brussels, I have kept close watch on the situation in the Middle East. Secretary Shultz briefed me fully on his negotiating efforts, and it is clear all countries in the region believe it is useful for the United States to remain engaged in this process. We will spare no effort in our search for a comprehensive peace settlement. I have directed Secretary Shultz to return to the Middle East tomorrow to continue his discussions.

## NORTH ATLANTIC COUNCIL STATEMENT, MAR. 2, 1988

### Conventional Arms Control: The Way Ahead

At Halifax in 1986, our governments issued a clear call to strengthen stability in the whole of Europe through conventional arms control negotiations. At Brussels later that year, they elaborated the basic purposes and methods of such negotiations.

The military confrontation in Europe is the result, not the cause, of the painful division which burdens this continent. While seeking to overcome this division in other ways, we also seek security and stability in Europe at the lowest possible level of armaments. Both arms control and adequate defense programs can contribute toward this goal.

### A. The Present Realities

1. The Soviet Union's military presence in Europe, at a level far in excess of its needs for self-defense, directly challenges our security as well as our hopes for change in the political situation in Europe. Thus the conventional imbalance in Europe remains at the core of Europe's security concerns. The problem is, to a large extent, a function of the Warsaw Pact's superiority in key conventional weapons systems. But it is not only a matter of numerical imbalances. Other asymmetries are also important, for example:

- The Warsaw Pact, based on the Soviet Union's forward-deployed forces, has a capability for surprise attack and large-scale offensive action; the allies neither have, nor aspire to, such a capability.
- The countries of the Warsaw Pact form a contiguous land mass; those of the alliance are geographically disconnected.
- The Warsaw Pact can generate a massive reinforcement potential from distances of only a few hundred kilometers; many allied reinforcements need to cross the Atlantic.
- The Warsaw Pact's military posture and activities are still shrouded in secrecy, whereas those of allied countries are transparent and under permanent public scrutiny.

2. These asymmetries are compounded by the dominant presence in Europe of the conventional armed forces of the Soviet Union. They represent 50% of all the active divisions in Europe between the Atlantic and the Urals. This Soviet conventional superiority and its military presence in other East European countries serve a political as well as a military function. They cast a shadow over the whole of Europe.

3. Conventional arms control is not merely a technical corrective to a self-contained problem. It should be seen in a coherent political and security framework.

### B. A Political and Security Framework

4. We reiterate our conviction that military forces should only exist to prevent war and to ensure self-defense, not for the purpose of initiating aggression and not for the purposes of political or military intimidation. Our ability to prevent every kind of war, nuclear or conventional, rests on our capacity . determination to deter any form of gression. All the allies' military resources are designed to contribute t that objective. This approach is sha alike both by those allies who belon the integrated military organization by those who do not.

5. The relationship between nuc and conventional forces is complex. existence of a conventional imbalanc favor of the Warsaw Pact is not the reason for the presence of nuclear weapons in Europe. The countries o the alliance are, and will remain, un the threat of Soviet nuclear forces o varying ranges. Although conventio parity would bring important benefi for stability, only the nuclear elemer can confront a potential aggressor w an unacceptable risk; therefore, for foreseeable future, deterrence will c tinue to require an adequate mix of clear as well as conventional forces.

6. Hence the determination of o nations to ensure defense preparedn as a means of achieving the stability seek. We will continue to ensure tha our military forces are effective and to-date, in particular by:

- Continued compliance with the principle of shared risks and responsibilities and acceptance of the priorities essential to the strengthening our defense capabilities;
- Provision of adequate defense penditures, together with efforts to tain the greatest return on our defen investment;
- Closer cooperation designed to remedy key deficiencies and, in this context, support for recent legislativ and other initiatives designed to fost cooperation in the area of conventio armaments, especially research, deve opment, production, and procuremen and
- Helping to meet the needs of the less advantaged allies in strength ening their conventional defenses, th redressing important existing deficiencies.

7. It will be important that defen and arms control policies remain in ha mony in order to ensure their comple mentary contribution to the security the countries of the alliance. In frami their negotiating proposals for conven tional stability, the allies will ensure that the continued requirement for de terrence and defense is not prejudice accordingly, they will neither make n accept proposals which would involve an erosion of the allies' nuclear deterrent capability.

8. Security in Europe involves not military but also political, eco- nic, and, above all, humanitarian fac- s. We look forward to a Europe ivided, in which people of all states freely receive ideas and informa- , enjoy their fundamental human ts, and determine their own future. ed forces are stationed outside their ional territory to protect these val- and to uphold the solidarity of our alliance. They cannot, therefore, equated with Soviet forces stationed Eastern Europe. A just and lasting ceful order in Europe requires that states enjoy relations of confidence h their own citizens, trust them to e political or economic choices of ir own, and allow them to receive rmation from and exchange ideas h citizens of other states.

9. Conventional arms control talks uld be guided by a coherent political on which reflects these values. It their adherence to this vision ch enabled the allies to secure a cessful outcome to the Stockholm ference. It is these same considera- s that have led the allies to decide t both the negotiations which they e now proposed, on conventional bility, as well as those on confidence- security-building measures, will be ertaken within the framework of CSCE [Conference on Security and peration in Europe] process.

10. Those on confidence- and urity-building will involve all 35 CE signatory states and will have as ir objective to build upon and ex- d the results of the Stockholm con- ence; the agreement reached there rked a significant step toward reduc- the risk of war in Europe. Fully plemented over time, it would create e transparency and contribute to ater confidence and predictability of itary activities in the whole of Eu- e. The momentum generated by ckholm must be maintained.

11. At the same time, we are con- us of the specific responsibility of 23 members of the two military al- ces in Europe whose forces bear st directly on the essential security tionship in Europe. Hence our deci- that distinct and autonomous nego- ions on conventional stability should e place between the 23 states.

12. The adoption of mandates for h of the negotiations must be part of alanced outcome to the Vienna CE followup meeting, which necessi- es substantial progress in all areas of Helsinki Final Act.

(White House photo by Pete Souza)

President Reagan and NATO Secretary General Lord Carrington.

### C. The Allies' Objectives

13. In accordance with the principles of our approach to conventional arms control, as set out in the Brussels declaration, our objectives in the forthcoming conventional stability negotiations will be:

- The establishment of a secure and stable balance of conventional forces at lower levels;
- The elimination of disparities prejudicial to stability and security; and
- As a matter of high priority, the elimination of the capability for launching a surprise attack and for initiating large-scale offensive action.

14. This latter capability is the most worrying in relation to the seizure of territory by an aggressor. Its essential ingredient is the forward deployment of conventional forces capable of rapid mobility and high firepower. Tanks and artillery are among the most decisive components, though other elements of combat capability could prove to be similarly significant. Manpower is also important. But not all items of equipment are appropriate for limitation, if only for technical reasons, and manpower alone is an imprecise guide to offensive capability.

15. Our aim will be to establish a situation in Europe in which force postures, as well as the numbers and deployments of weapons systems, no longer make surprise attack and large-scale offensive action a feasible option. We shall pursue this aim on the basis of the following criteria.

- We need to enhance stability in the whole of Europe from the Atlantic to the Urals and to do so in a way which, while safeguarding the security of all allies, takes account of the concentrations of Warsaw Pact forces and the particular problems affecting the central, southern, and northern regions.
- In seeking to eliminate the ability to conduct large-scale offensive action, we shall focus on the key weapons systems.
- We shall propose provisions dealing with stationed forces, taking account of the weight of forward-deployed Soviet conventional forces. We shall also take into consideration capabilities for force generation and reinforcement.

• Equal number or percentage reductions by both sides would not eliminate the disparities which threaten stability in Europe. Our proposals will concentrate instead on results and residual entitlements.

• Our goal is to redress the conventional imbalance. This can be achieved through a set of measures including, *inter alia*, reductions, limitations, redeployment provisions, and related measures, as well as the establishment of equal ceilings.

• This outcome will require highly asymmetrical reductions by the East and will entail, for example, the elimination from Europe of tens of thousands of Warsaw Pact weapons relevant to surprise attack, among them tanks and artillery pieces.

• Reductions of combat-decisive equipment and modification of the Soviet forward deployment posture will only be part of our approach to reducing the risk of conflict. As a concurrent element in any effort to enhance stability and security, we shall also propose measures to produce greater openness of military activities throughout Europe, safeguard the maintenance of lower force levels, and support a rigorous, effective, and reliable monitoring and verification regime.

• This monitoring and verification regime will need to include the exchange of detailed data about forces and deployments and the right to conduct sufficient on-site inspections to provide confidence that agreed provisions are being complied with.

### D. The Way Ahead

16. Early agreement on a conventional stability mandate, as part of a balanced outcome to the Vienna followup meeting of the CSCE, would be an important step forward. We seek the elimination of the conventional imbalances which so threaten stability and security in Europe. We also seek enhanced respect for human rights and fundamental freedoms on which lasting security and stability ultimately depend.

Greece recalls its position on nuclear matters.

## PRESIDENT'S REMARKS, MAR. 3, 1988[1]

My alliance colleagues and I have just concluded our latest round of consultations on the full range of issues facing us. First, let me say that the state of the alliance is excellent. We are strong; we are united; we are prosperous; and we are free.

This is the second full-fledged alliance summit that I have attended. Some of my colleagues and I also met here following my first meeting with Mr. Gorbachev. So while this is a special occasion, it is also only one element in the much larger pattern of close and continuous consultations that is a fundamental reason for the success of this alliance.

NATO will soon begin its fifth decade. The North Atlantic alliance is the most successful in history. While other alliances have been formed to win wars, our fundamental purpose is to prevent war while preserving and extending the frontiers of freedom.

The INF Treaty is the most recent NATO success. My colleagues and I are all justifiably proud of that achievement. It was the direct result of our steadfastness and persistence in carrying out the two-track decision that we made as an alliance over 8 years ago. It goes without saying that our allies support this treaty, and every leader solidly reaffirmed its value to the security concerns of the alliance. Now our focus turns on meeting the challenges of the future.

During the past 2 days, we went over the full range of issues that affect our collective security. I reiterated the strong bipartisan support that exists for the alliance in the United States and the commitment that American troops will remain in Europe, under any Administration, so long as the need for a forward defense of our common values remains.

We cannot and will not put our peace and freedom, and that of our children and their children, at risk. All of us understand the absolute necessity of maintaining the credibility of our deterrent. We will never trade that credibility away at the negotiating table, and we will not give it away through neglect.

The most direct threat to our security and to stability in Europe lies in the Soviet Union's massive military presence. The alliance has given its needs a lot of thought, knows what it wants to do, and has programs that has committed to carry out. And th is no doubt the alliance stands on strength and unity.

The alliance is the most dynam force for improvement in East-West lations. From our meetings here, ou commitment is to move forward to r our defense requirements while con tinuing discussions on our four-part agenda with the new Soviet leaders. The alliance has agreed on its arms control priorities and is ready to ge down to business. NATO fully supp my effort to negotiate deep reductic in strategic weapons.

While arms reduction is a part— but only a part—of our discussions, progress in this area must always be based on enhancing our security, not substituting for it. Our alliance has guaranteed peace in Europe and the North Atlantic for almost 40 years. am more confident than ever, after these 2 days of meetings, that the al liance remains on the right path and that, as always, we have the courag and the will to follow it.

Let me conclude by noting that this will be one of the last alliance meetings for Secretary General Pete Carrington. Lord Carrington has be at the helm of the alliance and NAT for 4 crucial years. He has steered t ship of 16 states with a steadiness th has earned our unbounded admiratio I am sure that I speak for all my colleagues in expressing our heartfelt thanks to Lord Carrington and our b wishes to Dr. Manfred Woerner, who strong hand will soon be at the helm. The West has no better champions th these two distinguished statesmen.

## NORTH ATLANTIC COUNCIL DECLARATION, MAR. 3, 1988[1]

### A Time for Reaffirmation

We, the representatives of the sixteen members of the North Atlantic Alliance, have come together to re-emphasize our unity, to assess the current state of East West relations, to review the opportuniti and challenges which lie ahead and in so doing:

• To reaffirm the common ideals and purposes which are the foundation of our partnership;

• To rededicate ourselves to the princ ples and provisions of the Washington Treaty of 1949;

• To reassert the vital importance of the Alliance for our security, and the vali ity of our strategy for peace.

**Purposes and Principles**
**ır Alliance**

ır Alliance is a voluntary association
ee and democratic equals, united by
non interests and values. It is un-
edented in its scope and success. Our
rity is indivisible. Our Alliance is dedi-
l to preserving peace in freedom and
llective self-defence, as recognized by
Jnited Nations Charter. None of our
ons will ever be used except in re-
se to attack.

3. Our concept of a balanced security
y as set out in the Harmel Report has
essfully stood the test of time. It re-
ıs valid in its two complementary and
ually reinforcing approaches: political
larity and adequate military strength,
on that basis, the search for construc-
dialogue and co-operation, including
s control. The ultimate political pur-
of our Alliance is to achieve a just and
ng peaceful order in Europe.

4. The security in freedom and the
perity of the European and North
rican Allies are inextricably linked.
longstanding commitment of the North
rican democracies to the preservation
eace and security in Europe is vital.
presence in Europe of the conventional
nuclear forces of the United States
ides the essential linkage with the
ed States strategic deterrent, and, to-
er with the forces of Canada, is a tan-
e expression of that commitment. This
ence must and will be maintained.
Likewise, a free, independent and in-
singly united Europe is vital to North
rica's security. The credibility of Allied
nce cannot be maintained without a
or European contribution. We therefore
come recent efforts to reinforce the Eu-
an pillar of the Alliance, intended to
ngthen the transatlantic partnership
Alliance security as a whole.
The Atlantic Alliance cannot be strong
urope is weak.

5. Our aim will continue to be to pre-
t any kind of war or intimidation. By
ntaining credible deterrence the Al-
ce has secured peace in Europe for
rly forty years. Conventional defences
ıe cannot ensure this; therefore, for the
seeable future there is no alternative
he Alliance strategy for the prevention
ar. This is a strategy of deterrence
ed upon an appropriate mix of adequate
effective nuclear and conventional
es which will continue to be kept up to
e where necessary.

6. While seeking security and stability
ower levels of armaments, we are deter-
ned to sustain the requisite efforts to
ure the continued viability, credibility
effectiveness of our conventional and
lear forces, including the nuclear forces
Europe, which together provide the
rantee of our common security. Taking
account the structure of the Alliance,
h of us undertakes to play his part in
this joint endeavour in a spirit of solidarity, reaffirming our willingness to share fairly the risks, burdens and responsibilities as well as the benefits of our common efforts.

7. We seek a just and stable condition of peace in which the sovereignty and territorial integrity of all states are respected and the rights of all individuals, including their right of political choice, are protected.

We want gradually to overcome the unnatural division of the European continent, which affects most directly the German people. We will continue to uphold the freedom and viability of Berlin and to support efforts to improve the situation there.

The search for improved and more stable relations with the Soviet Union and the other countries of Eastern Europe is among our principal concerns. We call upon these countries to work with us for a further relaxation of tensions, greater security at lower levels of arms, more extensive human contacts and increased access to information. We will continue the effort to expand co-operation with the East wherever and whenever this is of mutual benefit.

**East-West Relations: The Way Ahead**

8. We have noted encouraging signs of change in the policies of the Soviet Union and some of its allies. This creates the prospect for greater openness in their relations with their own people and with other nations. We welcome such progress as has been already achieved in certain areas. But we look beyond pronouncements for tangible and lasting policy changes addressing directly the issue dividing East and West.

9. However, we have to date witnessed no relaxation of the military effort pursued for years by the Soviet Union. The Soviet Union persists in deploying far greater military forces than are required for its defence. This massive force, which the Soviet Union has not refrained from using outside its borders, as is still the case in Afghanistan, constitutes a fundamental source of tension between East and West. The steady growth of Soviet military capabilities, as it affects every region of the Alliance, requires our constant attention.

10. We will continue to be steadfast in the pursuit of our security policies, maintaining the effective defences and credible deterrence that form the necessary basis for constructive dialogue with the East including on arms control and disarmament matters.

To meet our security needs in the years to come will require ever greater efficiencies in the application of our scarce resources. We are therefore determined to expand our practical co-operation in the field of armaments procurement and elsewhere. In this context we recognise the challenges to our industrially less advanced Allies and the need to address them through mutual assistance and co-operation.

11. Arms control is an integral part of our security policy. We seek negotiations not for their own sake but to reach agreements which can significantly reduce the risk of conflict and make a genuine contribution to stability and peace. We shall work together vigorously and on the basis of the closest consultation to this end.

12. Our representatives to the North Atlantic Council continue actively the further development of a comprehensive concept of arms control and disarmament as directed in the Statement of our Ministers at Reykjavik in June 1987.

13. The recently concluded INF agreement between the US and the Soviet Union is a milestone in our efforts to achieve a more secure peace and lower levels of arms. It is the impressive result of the political courage, the realism and the unity of the members of the Alliance. The treaty's provisions on stringent verification and asymmetrical reductions provide useful precedents for future agreements. We look forward to its early entry into force.

14. Consistent with their security requirements, the fifteen Allies concerned will make use of all possibilities for effectively verifiable arms control agreements which lead to a stable and secure balance of forces at a lower level. For them, the comprehensive concept of arms control and disarmament includes:

- A 50% reduction in the strategic offensive nuclear weapons of the US and the Soviet Union to be achieved during current Geneva negotiations;
- The global elimination of chemical weapons;
- The establishment of a stable and secure level of conventional forces, by the elimination of disparities, in the whole of Europe;
- In conjunction with the establishment of a conventional balance and the global elimination of chemical weapons, tangible and verifiable reductions of American and Soviet land-based nuclear missile systems of shorter range, leading to equal ceilings.

15. Recognizing the urgency and central importance of addressing the conventional force imbalances in Europe, we have adopted a separate statement on conventional arms control.

16. The resolution of East-West differences will require progress in many fields. Genuine peace in Europe cannot be established solely by arms control. It must be firmly based on full respect for fundamental human rights. As we continue our efforts to reduce armaments, we shall press for implementation on the part of the governments of the Soviet Union and of other Eastern countries of all of the principles and provisions of the Helsinki Final Act and of the Madrid Concluding Document. We support the continuation and strengthening of the CSCE process. It represents an important means of promoting stable and constructive relations on a long-

term basis between countries of East and West, and, moreover, enhances closer and more fruitful contacts between peoples and individuals throughout Europe. We call upon all participating states to make every effort for an early conclusion to the CSCE follow-up meeting in Vienna with a substantial and balanced final document.

17. We agree that the speedy and complete withdrawal of Soviet troops from Afghanistan and the effective restoration of that country's sovereignty would be of major significance. It is against these criteria that we shall assess General Secretary Gorbachev's recent statements.

18. We hope that at their forthcoming summit in Moscow President Reagan and General Secretary Gorbachev will be able to build upon the progress achieved at their Washington meeting last December. We strongly support the efforts of the United States. These fully accord with our consistent policy to seek, through high-level dialogue, early and substantial progress with the Soviet Union on a full range of issues, including greater respect for human rights, arms control, a lessening of regional tensions and improved opportunities for bilateral contacts and cooperation.

19. Reflecting upon almost four decades of common endeavour and sacrifice and upon the results achieved, we are confident that the principles and purposes of our Alliance remain valid today and for the future. We are united in our efforts to ensure a world of more secure peace and greater freedom. We will meet the opportunities and challenges ahead with imagination and hope, as well as with firmness and vigilance. We owe no less to our peoples.

Greece recalled its position on nuclear matters.

[1]Text from Weekly Compilation of Presidential Documents of Mar. 7, 1988. ■

# President's Visit to Mexico

*President Reagan visited Mexico on February 13, 1988, for a meeting with President Miguel de la Madrid Hurtado.*

*Following are arrival remarks made by the two Presidents, a luncheon toast made by President Reagan, and the text of a White House statement.*[1]

## ARRIVAL CEREMONY, MAZATLAN, FEB. 13, 1988

### President De la Madrid[2]

On behalf of the people and the Government of Mexico, I am very pleased to extend a most cordial welcome to the President of the United States of America and to the distinguished members of his party.

This is the sixth time that we two Presidents have met, and, on balance, this type of top-level communication between the governments of our countries has shown itself to be both effective and useful. On the basis of personal friendship and direct, frank communication, we two Presidents have periodically had the opportunity to review issues of interest to us and to improve the manner in which our relations are conducted.

I must gratefully acknowledge President Reagan's interest in maintaining our relations within an atmosphere of mutual cordiality, dignity, and respect. We have dealt successfully with delicate issues and broadened the basis for cooperation, which, as neighbors, our two countries require. Today we can affirm that our relations are conducted on a very positive level. There is fluid and wide-ranging communication between the two governments, and we have institutional mechanisms, not only to solve but also to prevent problems.

I am certain that on this occasion, perhaps the last time we meet as Presidents, we will strengthen the basis for good and productive relations and discuss as frankly as we always have the problems on our agenda.

President Reagan, I cordially welcome you and also the members of your party.

### President Reagan

President De la Madrid, distinguish guests, people of Mexico: This is a r mentous occasion for me. Over 5 ye ago, President De la Madrid and I f met near the border in Tijuana. We dedicated ourselves to building on tl strength, friendship, and cooperatio that are traditional bonds between c two countries. We resolved to addre the daily concerns of our citizens wi mutual respect and understanding. set out to make progress on difficult issues and to discuss areas of disagr ment with the candor of good friend The personal rapport we developed served the interests of both our peoples.

Today Mexico and the United States stand together as we strive t meet the perplexing challenges that face our nations. We can be proud of what has been accomplished in so sh a period. We have created dynamic commercial ties that lay the foundat for a stronger and expanding trade r lationship and more competitive ecot mies. We have worked together to fi positive and creative solutions to a threatening international debt probl We have established strong new mec nisms to deal with border matters. V have strengthened law enforcement c operation, reducing the ability of cri nals to take advantage of different jurisdictions.

Today we will meet again in the spirit of good will and cooperation th has been the hallmark of our relation Today we help pave the way for a nev generation of political leaders in both our countries who will soon follow us and build on the foundation we've laic

That foundation is cemented by o shared values and common goals: a be ter quality of life for our peoples, opportunities for our children, and the dignity of living peacefully in free anc democratic societies. Much still needs to be done to achieve these goals, but we can be proud of the legacy we leav

Next year we will commemorate the 100th anniversary of the founding the U.S.-Mexico International Boundary and Water Commission. The commission has been a success, a model fo

ers throughout the world. It is con-
e and living proof that two nations
live as neighbors, deal with the re-
y of a 3,000-kilometer border, and
pect each other's sovereign independ-
e and identity.

There will be no greater monument
his upcoming anniversary, which
ks a century of Mexican-American
peration, than the current high
e of relations between the leaders
ur countries and the bonds of fam-
commerce, and friendship between
peoples. This is the spirit in which
me today.

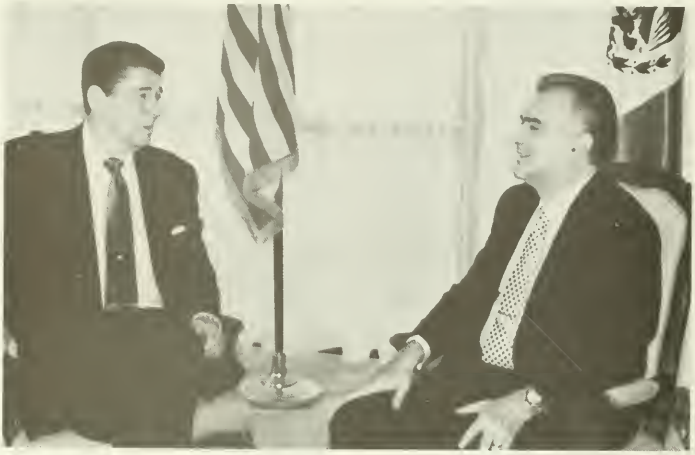
### ITE HOUSE STATEMENT, B. 13, 1988

sident Reagan and President De la
lrid met privately for approximately
ninutes with only notetakers pres-
. President Reagan congratulated
sident De la Madrid on his 5 years
eadership and for the modernization
t he had brought to Mexico. The
sident stressed that during the ten-
of the two Presidents significant
cesses had been achieved in trade,
estment relations, drug enforce-
nt, commercial ventures, and gen-
l economic improvements.

The President stressed the impor-
ce of the drug problem for our two
ntries. He raised the issue of cer-
cation to Congress by March 1 and
ed the Mexican President to work
n harder on drug eradication. Presi-
t De la Madrid emphasized his deep
cern and intensive efforts to deal
h the drug problem. He said he con-
nns narcotics and would have more
say on the matter publicly later.
sident De la Madrid quoted a
nber of statistics concerning their
g enforcement activities. President
igan recognized that Mexico has
n very cooperative in fighting
gs, but also pointed out that "this is
year we have to show results."

The two leaders also discussed
ntral American policy. The President
eated his commitment to the peace
cess and to his support for the re-
ance. President De la Madrid said
country has been supportive of the
quipulas plan [Guatemala accords].

They also discussed East-West re-
ons, and the President commented
his recent summit meeting with
neral Secretary Gorbachev.



(White House photo by Susan Biddle)

President Reagan and President De la Madrid.

## Mexico—A Profile

### Geography

**Area:** 1.978 million sq. km. (764,000 sq. mi.); about three times the size of Texas. **Cities:** *Capital*—Mexico City (pop. 18 million, est. 1985). *Other cities*—Guadalajara (3 million), Monterrey (2.7 million), Ciudad Juarez (1.12 million), Puebla de Zaragoza (1.1 million), Leon (1 million). **Terrain:** Varies from coastal lowlands to high mountains. **Climate:** Varies from tropical to desert.

### People

**Nationality:** *Noun and adjective*—Mexican(s). **Population** (July 1987): 81.9 million. **Annual growth rate** (1987 est.): 2.09%. **Ethnic groups:** Indian-Spanish (mestizo) 60%, American Indian 30%, Caucasian 9%, other 1%. **Religion:** Roman Catholic 97%, Protestant 3%. **Language:** Spanish. **Education:** *Years compulsory*—10. *Literacy*—88%. **Health:** *Infant mortality rate* (1984)—51.0/1,000. *Life expectancy* (1984)—65.4 yrs. **Work force** (26,320,000, 1985): *Agriculture, forestry, hunting, fishing*—26%. *Manufacturing*—12.8%. *Commerce*—13.9%. *Services*—31.4%. *Mining and quarrying*—1.3%. *Construction*—9.5%. *Electricity*—0.3%. *Transportation and communication*—4.8%.

### Economy

**GDP** (1987 est.): $126 billion. **Per capita GDP** (1987 est.): $1,537. **Annual real GDP growth** (1987 est.): 1.5%. **Avg. inflation rate** (1987 prelim.): 158.8%.

**Natural resources:** Petroleum, silver, copper, gold, lead, zinc, natural gas, timber.

**Agriculture:** *Products*—corn, beans, oilseeds, feedgrains, fruit, cotton, coffee, sugarcane, winter vegetables.

**Industry:** *Types*—manufacturing, services, commerce, transportation and communications, petroleum and mining.

**Trade** (1987 est.): *Exports*—$20.6 billion: manufacturing 48%, petroleum and derivatives 42%, agriculture 7%, mining 3%. *Imports*—$12.1 billion: intermediate goods 73%, capital goods 21%, consumer goods 6%. *Major trading partners*—US, EC, Japan.

**Official exchange rate:** (mid-Jan. 1988): 2,207 pesos = US$1 (controlled rate); 2,223 pesos = US$1 (free market rate).

Taken from the *Background Notes* of February 1988, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

## PRESIDENT REAGAN'S LUNCHEON TOAST, FEB. 13, 1988[3]

This is the sixth time President De la Madrid and I have met, as he told us, since 1982. I am extremely pleased with our discussions and with the remarkable record of accomplishment since we last met in Washington.

Our commercial relations are perhaps the most dramatic example of this progress. The signing of our new framework understanding last November marked the beginning of a special trade and investment relationship between our countries. Today we have rededicated ourselves to work together through the framework process and in the GATT [General Agreement on Tariffs and Trade] to seize every opportunity to expand commerce between us. One day I hope these steps will be seen as part of the historic evolution toward the free and unimpeded trade and investment on this continent and in the Western Hemisphere.

There are, of course, obstacles to overcome, not the least of which is a persistent debt problem. There is, however, reason for optimism on this account. Innovative, market-based ideas on how to manage the international debt problem are emerging. Mexico's plan to exchange debt for long-term bonds is but one example.

And cooperation on the debt is but one of the many areas where progress is being made. Agreements that have been reached or are near in several areas—such as textiles, telecommunications, and civil aviation—are positive steps forward.

We can also point to the successful management of difficult environmental problems along our common border. Under the agreement we signed in 1983, we're meeting our responsibilities. This is exemplified by the recently signed contingency plan on hazardous substances.

Population movement and employment needs will continue to be crucial factors in our relationship. And I'm gratified by the new dialogue we've undertaken on these subjects and by the establishment of U.S. and Mexican commissions to study these questions jointly.

In 1986, the U.S. Congress passed, and I signed into law, the Immigration Reform and Control Act, intended to reestablish control of our borders. It offers protections for well over 1 million undocumented immigrants living in the United States, many of whom are from Mexico, by providing a means for them to find legal employment and to participate openly and freely in our society.

The mutual legal assistance treaty signed in December has already been ratified by the Mexican legislature. A few days ago I transmitted this treaty to the U.S. Senate for prompt ratification so that cooperation against criminals can be intensified.

And as for the fight against criminals, Mr. President, perhaps our most serious undertaking has been the battle against the scourge of international drug trafficking and the use of these drugs in our societies. The people of the United States are now turning away from drugs. Drug use is no longer fashionable, and in most circles it's no longer tolerated. My wife, as you're aware, has taken the lead in an energetic program to combat drug abuse. Our success, measured by the number of people rejecting drugs, should curb the demand that fuels the trafficking.

This menace threatens the fabric of both our societies. The heartache and corruption brought on by these traffickers are pervasive. President De la Madrid, if the decent people of our two societies are to win, it requires cooperation and a mutually reinforcing effort. And, Mr. President, I'm certain we are both committed to victory in this war against drugs and the evil it has wrought on our peoples.

Our first responsibility to our citizens is to assure them an environment where they can raise their families in peace and freedom and prosperity. And that is why our commitment to democracy in our hemisphere must be unshakable. Totalitarian societies—such as those in the Soviet Union, Cuba, and now Nicaragua—have demonstrated for all to see that tyranny doesn't work. Mexico and the United States have a common interest in stable, free, and democratic governments in this hemisphere. I would hope this common interest will manifest itself in a common stand against the expansion of totalitarianism.

A year from now, new president will be in office in both our countries They will be challenged, as have you and I, Mr. President, to achieve real measurable progress on matters that concern us both because they affect daily lives of our people. In the past years, we have demonstrated that we can cooperate to achieve creative, mutually beneficial solutions, and this is valuable legacy that we leave to our successors.

Mr. President, I want to say publicly before we part that I truly believe history will honor you for the wise a politically courageous way you're guiding Mexico on the difficult but ultimately rewarding path to economic recovery and national development. This is an effort worthy of our admiration, our respect, and our support. I know that with continued perseverance it will be crowned with success. I also believe, Mr. President, that you and I together have turned the relationship between the United States and Mexico in a new, more constructive direction that our successors can build upon.

When I arrived today, I spoke of the foundation for Mexican-American relations that we've laid these last 5 years. Well, you know, one of my first jobs as a young man was digging foundations at a construction site. I worked there with strong, decent men whose hard work was a necessary part of the building process.

President De la Madrid, it's been an honor for me to work with you and your colleagues, to labor beside you, and to have your friendship. Our peoples will live better lives for what we've done together. I can think of no goal better than that.

So, I propose a toast to you and the relations between the United States and Mexico. And may they always be sunny as the skies here today over Mazatlan.

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[1]Text from Weekly Compilation of Presidential Documents of Feb. 22, 1988.

[2]President De la Madrid spoke in Spanish, and his remarks were translated by an interpreter.

[3]Made in response to a toast proposed by President De la Madrid at the Camino Real Hotel. ■

# ews Conference of February 24 :xcerpts)

*President Reagan held a news con-ence on February 24, 1988.*[1]

retary of State George Shultz today orted to me on his recent trip to scow, and it was encouraging. Prog-s continues to be made on our four-t agenda, and the commitment re-ins to do all that we can to advance cause of peace and to settle re-nal conflicts.

In the Middle East, it's time for all ties to rid themselves of old ideas l stances that cannot work and to in a serious process of negotiation l reconciliation. Any process that is lertaken must meet Israel's security ds and satisfy the legitimate rights he Palestinians. Secretary Shultz ves tonight for the Middle East to if practical and real progress can be de that provides a pathway to a com-hensive settlement, and he carries h him my full support.

There's another regional conflict t has serious implications for our ntry's security interests: Nicaragua. r policy consistently has been to ng peace and freedom to all of Cen-l America. Today four of the five ntral American countries choose ir governments in free and open nocratic elections. Independent rts protect their human rights, and ir people can hope for a better life themselves and their children. One ntry, Nicaragua, with its communist ime, remains a threat to this demo-tic tide in the region.

So our message to the people of caragua tonight is the same as it has en for the past 7 years: freedom sed on true democratic principles. In e past several months, there've been me limited steps taken by the com-nist regime in Nicaragua toward re-m. Now is not the time to reverse at process.

There's no argument that all of us ek peace and democracy in Nic-agua, and the difference is how to hieve that goal. On February 3d, ngress voted on continued support r the decmocratic resistance in Nic-agua, and to my disappointment, the ajority in the House of Represen-tives voted to remove the pressure of the democratic resistance on the Sandinista regime. However, the Senate agreed with me that we cannot leave those fighting for freedom in Nicaragua at the mercy of the communist regime and expect the process toward democracy to move ahead.

We've already seen what happens when pressure is removed. In just 2 short weeks, the Sandinistas threatened the only free press in that country and rejected a cease-fire proposal made by the mediator, Cardinal Obando, which incorporated the essential elements laid out and agreed to last August. And in the first 2 months of 1988, Soviet military assistance to Nicaragua has almost doubled, compared to the same period in 1987. These do not represent signs of peace; these remain troubling indications of a regime determined to crush its opposition and threaten its neighbors.

There is a choice. We must act to ensure that freedom is not smothered in Nicaragua and to guarantee that these latest promises will be kept in a timely way.

**Q. Through the years you've been very eloquent on the subject of human rights in the Soviet Union and Nicaragua. The question really is: Why have you never condemned the treatment of the Palestinians in the occupied areas—shooting unarmed protesters, beating people to death, children, trying to bury some alive? And I'd like to follow up.**

A. We have spoken to the government there, and we've also spoken to the Palestinian leadership, because there is every evidence that these riots are not just spontaneous and homegrown. But we have spoken, and that's part of the reason why the Secretary of State is going back over there. We don't support that sort of thing, and we are trying to persuade all the participants to try to arrive at a solution representing justice for all.

**Q. If you want that and you say you believe in security for Israel and legitimate rights of the Palestinians, why don't you go on the public record now and say that there should be an exchange of removal of the occupation and of peace?**

A. I don't think it's up to us to dictate the settlement in the Middle East.

**Q. We certainly are great supporters of Israel, so we certainly have some influence.**

A. Yes, and we have used that a number of times and are using it now. But we think that—and the thing that is taking the Secretary of State there—we think that the necessity is for all who are represented in that situation, on both sides, should come together, when you stop to think that legally a state of war still exists there in the Middle East, between the Arab nations and Israel, and that it's time for us to arrive at a true peace and recognize the rights of all.

**Q. Shi'ite militiamen are scouring southern Lebanon for Colonel Higgins, the American kidnapped last week, and you've expressed a determination to get him out. Can you say that the same intense efforts, the same kind of dragnet, will be used to find the other American hostages, one of whom, Terry Anderson, is about to mark the end of his third year in captivity?**

A. We have never given up on that. As you can realize, it's very frustrating to try and establish a location, knowing, of course, that you are governed by the fact that unwise action on our part could bring about harm to the hostages. But we've never let up, and we never will, in trying to obtain the freedom of all the hostages.

**Q. Pat Robertson said today that his Christian Broadcasting Network once knew the location of American hostages in the Middle East, and that the United States, in effect, missed an opportunity to rescue them. I understand he's clarified that remark, but I wonder if you have any thoughts about the tone that he's setting in this campaign.**

A. I don't want to comment on the campaign, but I can only say this: that it would be very strange if he actually did have information as to the location of those hostages. Isn't it strange that no one in our Administration was ever apprised of that? We have tried our best, and through every kind of channel, to establish their whereabouts, because that's the beginning of efforts to try and get them free. But if he thought that he knew, he kept it to himself.

**Q. As of now, is there any change in our policy of not talking with the PLO [Palestine Liberation Organization], in light of the fact that there are reports out of Geneva that Mr. [Yasir] Arafat [PLO leader] is now ready to accept UN Resolution 338 and 242?**

A. I know that this is one thing we're pursuing. If he really is, and if he is willing to acknowledge the right of Israel to exist as a nation—this has been one of the blocking points, that how do you sit down and try to get into a talk about peace when someone says they have no right to even exist? And I'm sure that the Secretary of State is apprised of that fact and will see what we can do there.

**Q. And given the 40-year hostility in the area which has been built up, how can you as the "great communicator" try to alleviate some of the antagonism between the Israelis and the Palestinians before you leave office?**

A. We are trying to and will continue to try to. That's a goal that I would think would be one of the greatest achievements of this Administration—if before I leave, we could bring about a peace in the Middle East.

**Q. Whom precisely are you criticizing when you say that the riots are not homegrown and not spontaneous?**

A. We have had—it's a little difficult for me, because there are some things that I shouldn't be saying. But we have had intimations that there have been certain people suspected of being terrorists, outsiders coming in, not only with weapons but stirring up and encouraging the trouble in those areas. Now, that isn't something you can go out and say we absolutely know, but certainly the violence is both ways.

**Q. But it would seem that that's still a generalization if you say some people from the outside. Can't you be specific and say just who is?**

A. No, because I get into areas there that would be violating security rules, and I don't think I should.

**Q. The PLO, Russians?**

A. What?

**Q. PLO, Russians?**

A. No, no.

**Q. It's my understanding that in 1985 your national security adviser, Robert McFarlane, briefed you on the Iraqi pipeline project and gained your approval for it. In light of the difficulties that your Attorney General, Mr. Meese, is encountering now, could you explain your position on the pipeline and tell me if you think it was a good idea at that time?**

A. I have no recall of knowing anything about this pipeline plan until fairly recently, and then found out with regard to the transmittal of the letters that have now been turned over to the special investigator. And this was about the first information that I recall having.

Now, I can't say to you that I was given information earlier, because I just have to tell you if I was I have totally forgotten—that I have no knowledge of anything of that kind.

**Q. Does it trouble you at all that your dear friend Mr. Meese has become entangled in this project, and it has yet been another case which has brought him, some would say, embarrassment?**

A. Let me say one thing. I have every confidence in his integrity. I've known him for more than 20 years, but I cannot comment in any way on his case that is now before a special investigator.

**Q. The white minority government of South Africa has now effectively banned activities by dissenting organizations, even when those activities are peaceful. What is your view on that, and what can you do, if anything, to reverse it?**

A. The State Department has already contacted them about that, and we are making our own feelings clear that they should be working toward a multiracial democracy and not oppressing political organizations there. And we've made our feelings clear about that.

**Q. May I follow up? Have you considered sending aid to the freedom fighters—the ANC [African National Congress] or any other organization—against this oppression just as you send aid to other freedom fighters around the world?**

A. No, we have not involved ourselves in that, other than things such as the sanctions and so forth. We have tried our best to be persuasive in this very difficult problem and to find—or to encourage a better solution.

**Q. What's the difference?**

A. The difference is that we do[illegible] have an armed insurrection going as [illegible] have in some other countries, and w[illegible] have a great division even among th[illegible] people who are being oppressed. It [illegible] tribal policy more than it is a racial policy, and that is one of the most di[illegible]cult parts here.

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**Q. What are you doing to mak[illegible] things easier for corporations to tr[illegible] with the Soviet Union in nonstrate[illegible] items, such as food processing, pha[illegible]maceuticals, automotive, and hotel [illegible] for instance? And do you believe th[illegible] Soviet Union should join GATT, th[illegible] General Agreement on Tariffs and Trade? And will you discuss these a[illegible] other trade items with Mr. Gorbach[illegible] in your forthcoming summit?**

A. I can't relate to you discussio[illegible] about those particular things with hi[illegible] But I do know that there has been c[illegible]sideration of them involving themsel[illegible] in the GATT procedure; and that, of course, is being reviewed among thos[illegible] of us who are participants now. But I don't know whether that answers yo[illegible] question or not, but our trade with t[illegible] Soviet Union is restricted mainly on the basis of where we might be givin[illegible] them technology and information that could be used one day against us.

**Q. I know you have to remain neutral in the Republican race, but you could clear up a major issue rig[illegible] now by telling us whether George Bush, in fact, did have reservations about the sale of arms to Iran; whether he had reservations about I[illegible]rael's role in that policy; and wheth[illegible] in fact, he's telling the truth when h[illegible] tells us that he did have those reservations?**

A. Yes, in the general discussion, and that's not unusual here. I've ordered our people on Cabinet matters [illegible] anything else, and I want to hear wha[illegible] they really feel. I don't want to be sur[illegible]rounded by yes-men. And, yes, there were reservations, but I'm not going t[illegible] go into—just as he wouldn't go into th[illegible] private discussions that we may have had.

But I think it's time for me to point what the opposition was based on of one who did oppose. Particularly, been revealed that Secretary Weinger and George Shultz both obted. They did not object, the idea t we were trading arms for hoes. Their objection—they knew what were trying to do. This had been a uest that came to us from some peonot in the Government of Iran but o wanted to privately meet with us how there could be a better relaship if and when the day came that re was a new government in Iran. d if you'll remember, back in those s, almost every other day there was culation that the health of the Khoini was failing to where there might this contest of a new government.

Their objection was—what we had e, we'd gotten this request; and in ling with it, in this conversation h these private individuals, we nted out our feelings about terism and so forth. They agreed with And the thing was that they, the zballah [radical Shi'ite group operat in Lebanon], as we know, is philohically attuned to Iran. The idea s that they could perhaps influence Hizballah to give up some of our stages. And indeed, as the talks nt on, they did. We got two of them e.

But their objection was that if and en this became known, as it would , it would be made to appear that we re trading arms for hostages. Now, were giving these arms to these iniduals, because we felt that maybe ey could influence the Hizballah. We ren't dealing with the kidnappers at . And this was what the whole situan was. But it turned out that George d Cap and those who had doubts re right in that when it did become own, by way of a henchman of the atollah, then everyone just automatilly said that—and to this day are sayg—it was arms for hostages.

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**Q. The resignation of Secretary of e Navy Webb has ignited a controrsy about your buildup of the U.S. avy. And the question is: Are you tisfied that the budget cuts in the ilitary have not damaged our naonal security, and are you still comitted to a 600-ship navy at a time hen the Soviets are not cutting their avy?**

A. I am committed at the 600-ship navy. And I want you to know, that from the very beginning, since I've been here, the Congress has cut my request for defense every time. And sometimes, they have tried to pretend that that is in an effort to reduce the deficit spending and so forth. But in a 5-year period, the Congress cut my defense budgets a total of $125 billion at the same time that they increased my request for domestic programs by $250 billion. And this budget which is now being attributed to me—no, this isn't as low as they originally wanted to cut it, but it was as high as we could get it in the negotiations for the present budget. And it has been harmful.

But let me tell you that in 1980, when we came here, the navy had 479 vessels, and by 1987, we had 568. And by next year, it will be 580. And so, what has happened is that there will be a little delay in the achieving of the 600-ship navy. But I can't help but remind—or tell all of you, when I was campaigning in 1980 and knew the state of our defenses, I was faced with the question. And some of you will recall I did a lot of campaigning on question-and-answer basis. At almost every gathering, there would be a question: Well, if I came to a choice between deficit spending and buildup of our defense structure, which would I choose? And every time, I said, in responsibility, I would have to choose the buildup of our defenses. And every time, every audience in America that I said that to gave me an applause that was almost an ovation for saying that.

**Q. The second part of the question was: Is it a threat to the national security that the navy is not going to have 600 ships on the schedule that you had in mind?**

A. I don't think right at the moment—and with the way we're progressing in various treaties and so forth—I don't believe that the threat is that immediate, and because very shortly we will achieve our 600. We want 15 carriers and their squadrons, and we've just launched the 15th carrier, 100 nuclear-powered attack submarines, and 4 battleships, and we're achieving that.

**Q. You must certify by March 1st whether Panama has been cracking down on drug trafficking through that country or whether aid to Panama should continue to be suspended. What are you going to do?**

A. I can't give you the answer yet, because we're still working on that and still collecting the facts as to what their effort has been at trying to intercept the drugs and join us in that campaign. But as you said, March 1st we will be giving the answer.

**Q. Some officials in your Administration have suggested that if Noriega [Commander of the Panamanian Defense Forces] would step down and go into exile, that you would stop the prosecution of him on drug charges. Would you consider that kind of deal?**

A. No, and I'm not going to comment on something of this kind. This man has been indicted by a Federal grand jury, and so I'm not going to make any comment of that kind, nor have we made any advances or suggestions of that kind to the Government of Panama. What we would like to see is a return to democracy and a civilian government in Panama, and not this domination by—literally—a military dictator.

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**Q. Back to the *contra* aid question. In your opening statement, you seemed to suggest that the Sandinistas are taking advantage of Congress not coming through with *contra* aid to withdraw some of the concessions they had made. With Congress about to consider new humanitarian aid—both a Democratic and a Republican plan—is it worth it to pass humanitarian aid without military aid?**

A. I think the only comment that I can make there is that anything that will keep the freedom fighters as a pressure on the Sandinistas is worth doing. Just as when we tried to pass our own bill and narrowly failed, you could see that the military aid was down the road aways—it was not necessary right now. The other aid—humanitarian aid—is more imminent. And so, if we can get that, that's fine, and then we'll take our chances on the other in trying to get it. But they do still have some military store for a limited period of time.

**Q. In the two plans that are being considered, the Democrats want the Defense Department to deliver whatever stores and supplies are authorized. The Republican plan would give that responsibility to the CIA [Central Intelligence Agency]. Do you favor either course?**

A. I certainly would favor the CIA. I think that involving our military when there is no need to is very rash and foolish, because you would be putting our military into a combat situation, and this is what we've been trying to avoid in Central America all the way.

**Q. In that regard, I'd like to ask you about the latest hostage situation. Do you think it was responsible for your Administration to allow a Marine Lieutenant Colonel, William Higgins, to operate in southern Lebanon at a time when eight Americans were already being held in that country and when your own State Department was recommending against travel there and considering the ramifications of the abduction of William Buckley earlier?**

A. I don't think that you can use that as a measure of where officers can be assigned to duty. They're in a dangerous business to begin with. And we are a part of the United Nations, and we have obligations to the United Nations with regard to the UNIFIL force [UN Interim Force in Lebanon] that has been there for a number of years now. And this particular officer happened to volunteer when there was a vacancy at that spot—volunteered for that. And I think that we have the confidence—and I do have the confidence in men like him—that someone would have a hard time getting secrets that could harm this country from a person of that kind.

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[1]Text from Weekly Compilation of Presidential Documents of Feb. 29, 1988. ■

# Meeting Our Foreign Policy Goals

*Secretary Shultz's prepared statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on March 10, 1988.*[1]

I am pleased to come before the subcommittee to discuss the foreign operations component of our FY 1989 budget request. The funding we are requesting complies with both the letter and the spirit of the budget summit compromise. It is the bare minimum we will need to support our fundamental foreign policy objectives and interests. We would have preferred more. We can't do the job with less.

From the outset, President Reagan has been guided by the conviction that the United States must remain a fully engaged force around the globe for peace, prosperity, democracy, and humanitarian values. We have been making impressive strides in fulfilling these goals.

At the core of our diplomacy are our efforts to ensure the strength and unity of our alliance relations, the effective management of East-West issues, the peaceful resolution of regional conflicts, and the advancement of our broader security and economic interests. With our tangible support and encouragement, democratic and free market values are gaining strength among the peoples of Latin America, in the Philippines, in Korea, and in Africa. That's good news for everybody. Countries with free people, free elections, and free markets aren't the countries that threaten our security. Democratic countries respect the rule of law both at home and abroad; they are more stable internally from both an economic and a political standpoint; and they are more capable of resisting aggression through their own efforts.

Our achievement of the historic INF [Intermediate-Range Nuclear Forces] Treaty offers convincing proof that success in advancing our peaceful objectives depends not only on cohesion and clarity of purpose but also on the political will to provide the means necessary to meet our objectives. The treaty would not have been possible had we or our allies balked at the economic or political costs of countering the Soviet SS–20 menace.

Working for peace means buildir up and sustaining our military streng and that of our friends while concurrently engaging in hard-nosed diplomacy. The daily effort to defend our security, to establish more stable anc workable relations with our adversar ies, to ensure continued economic growth, and to achieve negotiated se tlements in strife-ridden areas is a costly exercise. But, instability and are even costlier and not just in mon tary terms.

It is, indeed, ironic that just whe the need for effective U.S. leadership in the world is increasing and we are scoring remarkable successes, we fin that we lack adequate means and enough flexiblity either to advance ou interests or to meet our commitment to friends and allies.

The realities of our time dictate that the United States cannot achieve our interests and objectives alone, no can we do so with insufficient resources. Other countries around the world cannot adequately protect thei security, ensure their domestic welfar or protect their democratic institutio absent the active support of the Unit States.

And, especially now, when the da gers of terrorism and the broad range of threats to many societies posed by international narcotics trafficking are becoming so stark, we must marshal the means necessary to counter these assaults on human dignity and civilize society. I have committed the State D partment—and you have my personal commitment—to use every opportunit and every resource at our disposal to combat these twin scourges.

### East-West Relations

The United States and our allies have set in motion a number of efforts that could, with Soviet cooperation, bring major strides toward a safer, more secure, and more humane world. Will we have that Soviet cooperation? Yes, we will, if we shape the right conditions. And how do we shape these conditions By being fully and actively engaged and by committing the necessary resources.

The critical importance of worldwide U.S. engagement came through loud and clear to the President during his recent meetings with his NATO counterparts. In Brussels, we and our

TO partners agreed that if we ex-
t to advance our agenda with the
t, we must demonstrate the same
olve and be prepared to commit sim-
ly vital resources as we did in our
suit of the INF Treaty.

That agenda includes greater
nness and full respect for human
its in the East and on arms control:
ee priority tasks—50% reductions in
nsive strategic arms, a global and
y verifiable ban on chemical weap-
, and correction of the imbalance in
ventional forces.

Realism, strength, and dialogue
remain America's watchwords as
continue the high-level exchanges
un in 1985 with the Soviet lead-
nip. Through this ongoing process,
relationship with the Soviet Union
ow developing on a more stable and
structive basis. I will be meeting
ularly with Foreign Minister Shev-
nadze in the period leading up to
next summit in Moscow.

We will pursue the full range of
ies that concern us, including human
nts, arms control, bilateral matters,
l settlement of regional conflicts. We
l continue vigorously to challenge
Soviet Government to respect the
nan rights and fundamental free-
ns of people in the U.S.S.R. as well
the sovereign rights of its neighbors.
will pursue progress toward a
ART [strategic arms reduction talks]
aty—the President has made clear to
of us that he wants no letup in our
ort to achieve a good treaty.

### gional Issues

**ghanistan.** After 8 long years, the
rage and tenacity of the Afghan re-
tance and people may be about to
off in the resumed negotiations at
neva. We are proud to stand with
m and with Pakistan. The United
tes will continue its support for
kistan and for the Afghan people and
l continue to press Moscow to with-
aw its troops expeditiously and cease
itary assistance to the Kabul re-
ne. The United States remains fully
l firmly committed to a rapid depar-
e of Soviet forces, the restoration of
ghanistan to an independent and
naligned status, genuine self-deter-
nation for the Afghan people, and re-
n of the refugees in safety and
nor.

**The Middle East.** In the Middle East, this is a time of decisions. The situation on the ground does not serve anyone's interests, and rapid change through negotiations must occur. My discussions with the leadership in Israel, Jordan, Syria, and Egypt focused on the need for realism in our approach to negotiations.

The approach we are pursuing is ambitious and compelling. It calls for an early start of interlocked negotiations on transitional arrangements and final status. These will be launched and supported by a properly structured international conference. This process can and should begin as early as mid-April. The mechanics of our approach meet everyone's fundamental concerns and provide for serious negotiations. But the mechanical aspects of this are secondary to what can be accomplished. Our objective is a comprehensive peace.

- Israeli security can be enhanced. Israel can enjoy the recognition and respect which flow from negotiations. Israelis can be free from the increasing human and moral burdens of occupation—free to devote their considerable talents and energies to improving their quality of life. Most important, Israel can achieve peace with its neighbors.
- Palestinians can achieve rapid control over political and economic decisions which directly affect their lives. Palestinians can participate actively in negotiations to determine their political future. Palestinians can achieve their legitimate rights and live lives of dignity and self-respect.
- The Arab world can turn a corner, resolve this festering conflict, and get on with the business of meeting human needs. The refugee problem can be solved. A stable new environment can be created in which the human and economic resources of the Middle East can flourish.

This is a moment of testing for the leaders of the Middle East. All must face up to the challenge of peace and beat back the forces of radicalism. Violence and threats achieve nothing. They stand in sharp, empty contrast to what negotiations can accomplish.

No resolution of this conflict can fulfill all dreams. Compromise is required. The plan we have put forward is compelling. It is an integral whole. We have asked for decisions soon, so that we can proceed rapidly toward a comprehensive peace.

**Central America.** In Central America, we must be equally realistic and determined in our efforts. The cause of peace, stability, and democracy in Central America—already severely challenged by the Sandinista regime in Nicaragua and its Cuban and Soviet allies—received another blow recently when General Noriega refused to accept his suspension as head of the Panama Defense Forces. The United States has rejected Noriega's attempted dismissal of President Delvalle—a dismissal which is, in essence, a coup d'etat without a visible military presence.

What we face in Panama is a threat to democracy; a threat to our ability to stop the international drug traffickers; a threat to the safety and stability of this hemisphere. We will not shirk our responsibility to defend ourselves against this triple threat—to stop the drug dealers, the tyrants, and the terrorists.

Our policy in Panama is straightforward and consistent: we support fully and unequivocally the government of President Delvalle. And so do many others. Just this week, President Delvalle received enormous support from a broad spectrum of the Panamanian opposition. They made a commitment to unity for democracy. We applaud that effort.

The struggle for democracy in Panama also has received widespread support from the other democracies in this hemisphere. Perhaps El Salvador's President Duarte put it best when he said: "El Salvador, as a democratic nation, will never agree to a solution based on abuse of power and imposition of Noriega's dictatorship on the Panamanian people."

We and the democratic world will do what is necessary to help democratic government survive and bloom in Panama. We will continue actively to cooperate with President Delvalle and his government in their efforts to reassert legitimate civilian authority.

The deteriorating situation in Nicaragua further illustrates my point that failure of the United States to materially reinforce democratic government and efforts to gain a peaceful settlement to conflicts in Nicaragua and El Salvador can only harm our own security interests. Unless we back up our policies with adequate resources, our friends and foes alike around the world will conclude that America's words lack substance; our commitments, credibility; and our plans, effective execution.

Since Congress ended U.S. assistance to the Nicaraguan resistance, the Sandinistas have once again reverted to their true totalitarian goals. Their repression and intransigence have increased. Two weeks ago, the Sandinistas rejected proposals by Cardinal Obando y Bravo, the mediator they themselves selected, to further the plan. Those proposals had been immediately accepted by the representatives of the resistance. Then, the Sandinistas informed Cardinal Obando that his services as mediator are no longer required. Just recently, the communists balked again and postponed a meeting with the resistance. Sandinista mob violence against Nicaraguan citizens has increased dramatically in recent weeks.

It is time for the Congress to sit up and take notice: the Sandinistas are brutalizing their own people. Those who may have believed that cutting off aid to the freedom fighters would help achieve peace and freedom have made a grave mistake. They must undo the error before it is too late. As Violeta de Chamorro, the head of Nicaragua's leading opposition newspaper, recently wrote President Arias: "The Sandinista regime, taking advantage of the suspension of military actions by which it had been besieged, has entered into a phase of total indifference" to the terms of the Guatemala agreement.

**Persian Gulf.** Elsewhere in the world, an engaged U.S. presence and our sustained support remain essential to international stability and well-being. In the strategic area of the Persian Gulf, our reflagging policy is protecting basic U.S. interests, and allied governments are following our lead. We will continue to stand by the security commitments we have made to our friends in the region. We are at the forefront of international efforts to bring an end to the Iran-Iraq war via UN Security Council Resolution 598. We are working within the Security Council to adopt an enforcement resolution imposing sanctions against Iran as long as it refuses to comply with 598. And we are continuing our own active efforts to staunch the flow of arms to Iran.

**East Asia.** In East Asia, the remarkable worldwide trend toward democratic government has had two notable successes in the Philippines and South Korea.

We are supportive of the major steps the Republic of Korea has taken toward full democracy over the past year. We are cooperating fully with South Korea as it strives to host the 1988 Olympics in a secure and peaceful atmosphere. And we are assisting President Aquino in leading her nation in building democracy and accelerating economic growth as the Philippines contends with a virulent communist insurgency. The struggle against communist aggression is evident in Cambodia. We are supporting ASEAN [Association for South East Asian Nations] and the Cambodian noncommunist resistance in their efforts to bring about a political solution to the Cambodian conflict encompassing a complete Vietnamese troop withdrawal from Cambodia and self-determination for the Cambodian people.

**Southern Africa.** Apartheid is at the heart of South Africa's problems and is a principal source of instability in the southern African region. Our goal remains its rapid and peaceful demise. To that end, we are working to foster negotiations among all elements of South Africa's population that will lead to the creation of a democratic society with equal rights for all. At a time when the misguided actions of the South African Government are stifling the interplay of ideas so essential for the evolution of a free society, and isolating South Africa from the free world, we must do all we can to keep dialogue alive and new ideas coming in.

Despite the recent serious escalation of repression in South Africa, we remain firm in our belief that this can best be accomplished through a mix of diplomatic and political pressures on the one hand and a series of positive initiatives on the other. It is critically important that we maintain strong support for U.S. programs designed to assist victims of apartheid and to empower black South Africans to achieve their own peaceful liberation through higher education and growing economic leverage. We are working with our democratic allies to exchange data on assistance programs and to explore ways of assuring a free flow of information to South Africa in the face of rising censorship and repression.

Elsewhere in the region, we are continuing our efforts to achieve a negotiated settlement involving withdrawal of all foreign military forces from Angola and Namibia and the achievement of Namibian independence. We now look to the Angolans to mak concrete their professions of support a phased complete withdrawal of Cu forces and to South Africa to honor i commitments under UN Security Co cil Resolution 435. To promote econo independence and stability througho the region, we also strongly support the work of the Southern African De velopment Coordination Conference (SADCC). In addition to bilateral aic we are providing SADCC with $50 n lion in assistance for FY 1988.

**International Economics.** In th field of international economics, we a entering a new era. The world econo is changing profoundly as new techn gies are developed and the capability apply them is spreading to all region of the globe. National boundaries are becoming increasingly irrelevant as p duction, finance, technology, and kn edge become increasingly globalized. order to make the most of the chang now underway, America must first e sure that our economic and social institutions are prepared and willing t compete in this new global economy. We must promote policies that enabl market forces to direct international patterns of trade and financial flows. And, along with our allies in the ind trial world, we must keep our sights sustainable, noninflationary economic growth as the principal objective of e nomic policy.

**The Specifics of Our Funding Requ**

This brief review of the foreign policy challenges that face us is enough to show how busy this Administration w be in the coming year. If this Administration—any administration—is to r alize America's fundamental foreign policy objectives, it must have both a equate funding and sufficient flexibilit to use financial resources to best advantage.

But, today, in a time when our ac tive engagement is more important than ever, a steady erosion of our resources and severe constraints on our ability to apply them threaten our lea ership position and our vital security, economic, and humanitarian interests the world.

For foreign affairs, or Function 15 in toto, we seek $18.1 billion in discretionary spending authority for FY 198 The foreign operations component of our budget request includes most form of foreign assistance (excluding only P 480 food aid) and is the largest single

ponent of our request as a whole. funds we make available under this ding help our friends and allies, first and foremost, they serve erica's own interests abroad.

We seek a total of $14 billion for ign operations. The discretionary nent, that is to say funding for ev- thing except the Guarantee Reserve d and Foreign Service retirement, ls $13.3 billion, or 73% of our entire iest for foreign affairs appropria- s. This also represents an increase the comparable FY 1988 level of ut 2%.

Let me emphasize once again that modest request in no way reflects diminution in the scope of our for- affairs interests or in the depth of commitments to friends, allies, and international system. Rather, our tight request reflects a compro- e between our foreign policy needs our recognition that we must play part in reducing the budget deficit.

Let me try to put this discussion in oader perspective by describing the foreign assistance resources we k serve our national goals and val- —and commitments to allies and nds.

### ional Security

we have seen, the unwavering com- ment of our allies to America's se- ity—and ours to their own—is ential if we are to maintain the de- sive framework which protects us Many of our friends in the develop- world lack the resources to see to ir national security while at the e time they are struggling to pro- e for the basic economic needs of ir own people. Because we know t they must do both if they are to vive and grow, we give these nations nomic support and help them fi- ce the modernization of their armed es. We also provide defense and nomic support to some of our NATO es to help them to modernize their itary forces and to grow eco- nically. The enhanced capabilities ch result from our assistance con- ute directly to the common defense.

For FY 1989, our total request for retionary military assistance fund- under Title III of the bill (MAP, S, IMET [Military Assistance Pro- m, Foreign Military Sales, Interna- al Military Education and Training], peacekeeping operations) is $5 bil- . That compares with $4.8 billion in 1988 and $5.1 billion in FY 1987. In percentage terms, the increase is under 4%; however, if the Congress refrains from the massive earmarking which characterized FY 1988 military assistance programs, we should be able to restore funding to the dozens of key friends and allies from which we were forced to terminate funding in FY 1988.

Despite the small increase relative to FY 1988, what we are seeking for military assistance is still below the level appropriated in FY 1987. The percentage reductions from the levels appropriated in FY 1985 and 1986 are even more severe.

For the two major military assistance accounts—Foreign Military Sales and Military Assistance Program—we are requesting respectively $4.5 billion and $467 million. Due to the major debt burdens which many security assistance recipients face, we plan to provide all FMS and ESF [Economic Support Fund] resources on a grant basis.

The switch from credits to grants in our FMS program represents a major improvement in the quality of the assistance we are providing. By providing the assistance in the form of forgiven FMS credits, those countries with the bureaucratic infrastructure capable of doing so will be able to apply FMS funding to commercial purchases, a process that is not possible under MAP, which is strictly government to government. This all-grant program initiative is consistent with a trend which began in the Congress a few years ago. In 1985, Congress, for the first time, permitted concessional, on-budget FMS programs. Two years later, it expanded this authority by authorizing the Administration to make all FMS programs concessional, except, of course, those programs for Israel and Egypt where repayment was forgiven. And in the current fiscal year, Congress again liberalized FMS by permitting forgiven FMS programs to Pakistan and Turkey.

Our present efforts to reinvigorate the Arab-Israeli peace process underscore the critical importance of the Middle East to the United States. Israel and Egypt, two key partners in the Middle East process, will receive the largest component of our security assistance (i.e., military assistance and Economic Support Funds) in FY 1989 ($5.1 billion or 62% of the total), just as they have for the past several years. Our security and economic assistance programs to Israel and Egypt have played a key role in keeping peace in these areas.

In the West Bank and Gaza, our foreign assistance funding is direct evidence of our determination to help produce a better life for the people of the occupied territories. Of the $12.5 million in ESF we seek for Middle East regional programs, $7.5 million would be channeled through private voluntary organizations in the West Bank and Gaza. And, of our $18 million ESF request for Jordan, $6 million is for activities in the West Bank.

In addition to the funds for Israel, Egypt, and the occupied territories, we are also requesting an additional $196 million in this bill in assistance for our close friends Tunisia, Jordan, Oman, and Morocco, thereby furthering the prospects for stability and growth in the region as a whole. Security assistance is also used to strengthen the defenses of friends and allies which provide us with access to military facilities in the interests of their own security and ours. During the past few years, and particularly in FY 1988, cuts in our budget requests and extensive earmarking have combined to make it impossible for us to meet our "best efforts" commitments to some countries or to provide the level of support necessary for countries to perform effectively in the defense area. For Portugal, our assistance is well below the "best efforts" commitment we undertook when we signed the current base agreement; this situation recently has led the Portugese Prime Minister to request consultations on the agreement. Assistance to Turkey is already hundreds of millions of dollars below the level necessary if our Turkish allies are to meet their NATO commitments. Our assistance to Greece has fallen one-third below the level provided following the signing of our 1983 base agreement.

Our FY 1989 budget request will not accommodate enough to make up for past shortfalls. We must begin to reverse the downward trend. Therefore, for these three countries we are requesting $1.1 billion in FY 1989.

In the Philippines, our assistance program has been directed toward helping a struggling ally revitalize democracy, beat back a communist insurgency, and promote economic growth. Because of the extraordinary challenges faced by President Aquino in recent years, we have been able to provide significant assistance levels that are crucial to the success of her programs. Despite budget stringencies, we cannot lose sight of the important mutual security interests at stake in the Philippines and the need for substantial support.

I would note that we will shortly undertake with the Philippine Government the 5-year bilateral review of our bases agreement. We look forward to its successful completion, which would set the stage for an extension or renegotiation of the bases agreement, the fixed term of which ends in 1991.

Central America is of vital importance to the United States because of its geographic proximity and strategic position. We have long recognized that the best way to protect our interests in the region is to pursue a multifaceted policy aimed at promoting regional security, democratization, and social and economic development. We are requesting approximately $900 million in FY 1989 to serve these ends.

With respect to Nicaragua, in particular, the Administration continues to seek funding from Congress for the *contras*. At the same time, we will continue our varied forms of assistance to our friends in the region. In the event the current efforts to secure peace and substantially ease the repression in Nicaragua fail, our provision of security assistance to the other countries in the region will serve as a bulwark against spreading instability.

### Promoting Prosperity and Development

Ensuring our domestic prosperity in today's increasingly integrated world economy requires us to do more than keep our own economic house in order. It means assisting other countries to develop their own economies. In this way, we develop in the global economy a growing demand for U.S. goods and services. American growth and prosperity are, more than ever, influenced by conditions abroad. I am not just speaking of conditions in Western Europe and Japan, important though they may be, but of those in the developing countries as well. These countries take over a third of our exports. The production of 1 out of every 20 workers in our manufacturing plants and 1 out of every 5 acres of our farmland is sold in Third World markets.

By promoting economic development abroad we make a direct contribution to our own economic well-being. Current economic stagnation in a large number of developing countries, especially those with heavy debt burdens, illustrates the point vividly and painfully. For example, between 1981 and 1986, the countries of Latin America and the Caribbean experienced sharp declines in their real incomes. Our exports to that region dropped by over $11 billion. For the same reason, in Africa, our exports dropped by $2.8 billion. In contrast, our significant role in the development of Pakistan has paid us dividends. In 1960, Pakistan's per capita income was barely $100. By 1985, Pakistan had more than doubled its income and had become a major purchaser of U.S. products. Since 1979, U.S. exports to Pakistan have risen by more than half.

We are requesting appropriations of $7.6 billion for bilateral and multilateral economic assistance programs (including ESF). That constitutes almost 60% of our total discretionary foreign operations request. It includes development assistance, voluntary contributions to international organizations, assistance provided through multilateral development institutions, the Peace Corps and other bilateral assistance programs, as well as $3.3 billion for ESF. ESF serves economic stability and development as well as security objectives.

Again, we seek only a modest increase of $80 million, or 2.5%, in ESF, but we enjoin Congress to refrain from the massive earmarking which required us in FY 1988 to eliminate funding for numerous countries, particularly in South America and the Caribbean. Our allocation of the ESF request would allow resumption of important programs in Jamaica, the Dominican Republic, Ecuador, and throughout the region.

In addition to ESF, economic assistance takes many forms:

- Development assistance ($1.6 billion, including the new Development Fund for Africa) to fund projects administered by the Agency for International Development (AID) in such areas as agriculture, education and human resources development, health, nutrition, and private sector development;
- Funding for the multilateral development banks (MDB)—$1.3 billion: $70 million will go to the World Bank as the first installment of our contribution to the new General Capital Increase which, together with the contributions of others, will support $75 billion in new Bank project lending and support of growth-oriented structural adjustment and policy reform. The largest component, $958 million, will be used for a U.S. contribution to the eighth replenishment of the International Development Association (IDA). IDA is the "soft" loan window of the World Bank which finances development activities in low-income developing cou tries and, sometimes in conjunction with the International Monetary Fun (IMF), supports essential economic p icy reform in these countries. Becaus of the budget summit ceiling, none of these funds will be used to pay U.S. arrears (currently about $400 million) to any of the multilateral developmen banks. MBD arrears raise serious qu tions about our credibility, and we wi have to address the arrears problem i FY 1990;
- Funding for Peace Corps programs—$150 million; and
- Voluntary contributions to such international organizations as the UN Development Program ($110 million) and UNICEF [UN Children's Fund]—$31 million.

Our domestic prosperity is also fi thered by helping U.S. exporters com pete with financing arrangements offered by foreign governments. For this purpose, we are requesting $705 million for the Export-Import Bank's (Eximbank) direct credit programs. These programs provide U.S. export the financial support they need to match foreign officially supported export credits. Eximbank financing is a critical in markets in which commerci financing is limited or unavailable because the risk is too great for comme cial banks.

### Promoting Democratic and Humanitarian Values

The American people fully support ou efforts to strengthen democracy arou the globe. The United States has a vital stake in promoting democratic values around the world and supporting new and growing democracies. Democratic institution-building is a slow an difficult process. Fragile new democracies face daunting political, economi and military challenges that we must help them meet with more than mere words of encouragement.

In Central America and the Carib bean, our support for democratic force has shown good results. Democratic in stitutions are taking root in countries where just a few years ago many despaired of that ever happening. These new democracies desperately need our help. The President's Caribbean Basin and Central America Initiatives, base on the recommendations of the Nation Bipartisan Commission on Central

ıerica, provide comprehensive strat-
ıes for such support. For FY 1989,
are requesting $643 million in eco-
nic assistance (not including PL 480
d aid) for the countries of Central
ıerica and $148 million for those of
Caribbean.

The United States is never more
e to its most cherished values than
en we defend human rights and hu-
nitarian values abroad. In our tur-
ent and often cruel world, the
ense of human rights means more
ın just speaking up, although speak-
up in itself is important. We must
o provide funds to help the refugees
eing oppression and the populations
vastated by want and disaster.

Over the past few years, the as-
tance we have provided has meant
difference between life and death
literally millions of Africans who
ed the worst drought and famine the
ıtinent has experienced in this cen-
y. During the crisis, the United
ıtes provided 2.2 million metric tons
food aid at a cost of over $1 billion;
other $150 million was spent to pro-
le medicines, shelter, wells, and the
ıer immediate needs for those worst
ected by the drought. This was all in
dition to the regular economic as-
tance we provided during the same
riod.

Similarly, we assisted Colombia at
time of its volcanic disaster, we con-
buted to major earthquake relief
forts in San Salvador and Mexico
ty, and we helped to combat locust
estations in 17 African countries. Our
pport for the World Health Organiza-
n and UNICEF has helped rid the
rld of some of the most deadly and
ıtagious diseases and has dramat-
lly reduced infant mortality.

We can be proud of America's re-
rd of assistance to the world refugee
pulation. Since the passage of the
fugee Act of 1980, the American peo-
have offered new homes to more
an half a million refugees—a greater
mber than has been provided by all
ıer resettlement countries combined.

For FY 1989, we are requesting
40 million for migration and refugee
sistance, less than $2 million more
an the FY 1988 appropriation. Of that
tal, we plan to allocate $217 million
relief assistance for refugees in first
ylum camps around the world admin-
ered by such agencies as the UN
gh Commissioner for Refugees, the
ternational Committee of the Red
oss, and the UN Relief and Works
gency. An additional $115 million will
available for refugee admissions to
the United States for a minimum of 68,500 refugees—the same number as in FY 1988. Since we will have fewer dollars than we do this year to admit at least the same number of people, we will have to reduce the services we provide to these refugees. If we did not do so, we would have to cut down on admissions at a time when the pressure of admissions is growing, given the likely increases in refugees from Vietnam, the Soviet Union, and Cuba, and perhaps other countries as well.

### Combatting International Narcotics Trafficking and Terrorism

Since 1981, stemming the flow of narcotics into the United States has been a foreign policy issue of the highest priority for the Reagan Administration. As we have seen graphically in Colombia, and most recently in Panama, international narcotics trafficking poses a threat not only to the health and welfare of our citizens but to the national security of democratic governments throughout the world. And the threat continues to grow.

For FY 1989, we are requesting $101 million for international narcotics control, an increase of only $2.25 million from the amount appropriated in the continuing resolution for FY 1988. This budget includes $31 million in direct assistance to Colombia, Bolivia, Peru, Ecuador, and Venezuela. Our narcotics control strategy gives top priority to helping key Latin American and Caribbean countries stop cocaine trafficking. Airlift capacity—meaning helicopters and planes to support aerial and manual eradication of coca and for transporting police and paramilitary troops on raids against cocaine labs—is crucial in the Andes. We plan to use another $18 million to provide aircraft and maintenance support.

These programs constitute only a part of our total effort to control international drug trafficking. Our direct assistance to many foreign governments and private self-help organizations lets them carry out public awareness programs and projects to find alternative crops for farmers who now depend on growing drug crops for their livelihood. We are also strengthening the capability of military forces to eradicate fields and destroy drug labs.

International terrorism, like international narcotics trafficking, offends the most cherished humanitarian values of democratic societies and poses a serious threat to international stability. Through long and often bitter experience, we have developed an effective policy to deal with this modern day barbarity. We have developed a better understanding of terrorist methods. We are working closely with other countries, in part by pooling intelligence resources. We are also working to persuade countries reluctant to cooperate in combatting international terrorism of the error of their ways. We are providing training and training-related equipment to those with the will but not the means to cooperate. We have strengthened security measures to protect our citizens at home and abroad. And we have gone on the offensive to bring terrorists to justice, disrupt their operations, and destroy their networks. But we must remain prepared and vigilant.

In 1987, we counted 832 international terrorist incidents. Among the casualties, over 600 were killed and 2,200 wounded. These figures tend to understate the actual level of terrorist activity, since incidents confined to one country, with the nationals of only one country involved, are not included.

U.S. programs to enhance the counterterrorism skills of other nations consist of training and provision of equipment and logistical support. These efforts are coordinated by the State Department and are carried out by the Departments of State, Defense, and Justice; the intelligence community; and other concerned agencies. For FY 1989, we are requesting $9.8 million to continue the Department of State's Antiterrorism Assistance Program. With the requested funds we will be able to train some 1,500 security officers from around the world in a variety of antiterrorism skills. These officers are selected for training because they have major responsibilities for the security of embassies, Americans living abroad, and travelers. They will join a group of nearly 6,000 other officials from 46 countries who have received antiterrorism training during the first 4 years of this program and who are now cooperating with us in our counterterrorism efforts.

### The Need for Resource Flexibility

To meet all of these major foreign policy objectives, we will need more than your support for our total funding request, which is already at the barebones level. We will also need legislation that gives the executive branch the

latitude we need to manage the very limited resources we have effectively.

The continuing resolution for FY 1988 does not give us that flexibility. In the security assistance area, almost 95% of the total appropriation is earmarked for particular countries or programs. Of course, in many instances congressional earmarks are consistent with the levels we recommended and represent a congruence of views between the Administration and the Congress regarding the priority of particular programs.

But the overall effect of massive earmarking in the context of sharp cuts across the board is to place the burden of those cuts disproportionately on programs which must be funded from the 5% of the budget which is not earmarked. We have been forced to cut drastically ESF, MAP, and/or FMS programs to such staunch friends as Turkey, Portugal, El Salvador, Honduras, Jordan, Kenya, Somalia, and Zaire. Moreover, we have been forced to eliminate entirely programs in a whole host of other countries, particularly in South America, the Caribbean, and Africa.

If we are given the needed flexibility, the levels of funds in the budget request for FY 1989 will enable us to reconstitute on a modest scale many programs we had to curtail or cut off this year. And, what is the alternative? Can the United States withdraw its support for long from so many areas of the world and still protect the security, ensure the prosperity, and promote the democratic values of the free world? My answer is an unequivocal no. We could debate the point here in the comfort of a committee room, but out there in the world, I can assure you that we will not have the luxury of making the wrong choice.

### Conclusion

In closing, I would like to draw your attention to the American eagle on the seal of the United States. I am fond of pointing out that our internationally recognized symbol is clutching an olive branch in one set of talons and a bunch of arrows in the other. The eagle's head is turned in the direction of the olive branch. Our far-flying eagle is grasping both olive branch and arrows because America must commit military strength to the service of peace if we are to remain true to our values and advance our interests abroad.

Today I have described the particulars of an austere foreign operations budget for FY 1989. During the next fiscal year, two successive administrations will shoulder the burden of America's global responsibilities. Both will face the challenge of fulfilling our national objectives in a complex and changing world. To meet this challenge, both administrations will need not only the full amount of requested funds but also the latitude to apply them effectively.

The message I want to leave wit the committee today is this: we must not allow the American eagle to beco so undernourished or so encumbered her flight that she loses her grip on either the arrows or the olive branch Neither this Administration nor the next one can afford to let that happe Far too much is riding on her wings.

[1]Press release 40 of Mar. 11, 1988. Tl complete transcript of the hearings will published by the committee and will be available from the Superintendent of Do ments, U.S. Government Printing Office Washington, D.C. 20402. ■

# The INF Treaty: Advancing U.S. Security Interests

*Secretary Shultz's statement before the Senate Foreign Relations Committee on March 14, 1988.*[1]

It has been 7 weeks since I testified before this committee on behalf of the INF [Intermediate-Range Nuclear Forces] Treaty. Since then, the treaty has received careful and thorough examination by this committee, by the Armed Services Committee, and by the Select Committee on Intelligence. I have followed the hearings carefully. I believe the three committees have examined all the tough questions in a searching and responsible manner.

We have sought to give you as complete a picture as possible of this treaty. Senators have submitted more than 1,000 written questions to the Administration and to our witnesses. Our written answers, together with our testimony, have offered extensive information. In addition, we have taken the exceptional step of providing to the Senate our records of the INF negotiations.

I testified to you at some length in my last appearance. I think the case I made then for the treaty stands up well. That is because the treaty stands up well. I believe that, as it considers all the relevant evidence, this committee should recommend consent to ratification of this treaty, without amendments or conditions.

### INF: How NATO Met the Challenge

There is one fundamental question yo are called on to answer as you conside this or any other arms control treaty: it in the security interests of the United States?

In the nuclear age, the only true basis for security is collective security This means a strong defense and stro alliances. For almost 40 years, with consistent bipartisan support, our com mitment to the NATO alliance has bee a basic element of our national securit policy. By strengthening NATO, the INF Treaty strengthens the United States.

From the outset, the INF process has been, first and foremost, about the security of NATO. It has been based on the fundamental principle that a threat to any part of the alliance is a threat to all of it. I reviewed in my earlier testimony how, in 1979, the alliance adopted a dual-track strategy to meet such a threat and how it carried that strategy out with steadfastness and determination.

In its 1979 decision, NATO clearly established its objective: to meet the challenge of the growing disparity between NATO and Warsaw Pact capabilities in INF missiles. In 1981, President Reagan proposed the zero outcome. The allies agreed then—and repeated throughout the 6 years of negotiations—that the zero outcome was the best possible way to achieve the objectives NATO had established.

ATO knew we would get nowhere in e negotiations unless we showed that e would take the necessary measures preserve our own security. U.S. INF ployments were absolutely essential our success in Geneva.

At the same time, we kept the urage of our convictions at the bar-ining table and persisted until our jectives were achieved. We agreed on e essential elements of a good agree-ent. By now, you are familiar with em:

- Equality of rights and limits;
- U.S. and Soviet systems only;
- Global limits, with no transfer of e threat from Europe to Asia, or vice rsa;
- No adverse effect on NATO's con-ntional defenses; and
- Effective verification.

I described in detail during my last pearance how, over a period of 6 ars, we moved from a situation in hich the Soviets rejected all of these curity criteria to one in which they gned a treaty that embodies each and ery one.

### ATO: Building n Its INF Success

o one can have any doubt about how ır allies feel about this treaty. When ATO's leaders met in Brussels, less ıan 2 weeks ago, they spent their time oking forward, not back. For those terested in the future of NATO, I ommend to your attention the summit eclaration and the separate statement n the way ahead in the next big chal-nge for the alliance—conventional rms control. I want to quote to you xactly what our allies had to say at ıe summit about the treaty you now ave before you for consideration.

The recently concluded INF agree-ent between the U.S. and the Soviet nion is a milestone in our efforts to chieve a more secure peace and lower vels of arms. It is the impressive result the political courage, the realism and ıe unity of the members of the Alliance. he treaty's provisions on stringent ver-ication and asymmetrical reductions rovide useful precedents for future greements. We look forward to its early ntry into force.

Secretary [of Defense] Carlucci, dmiral Crowe [Chairman of the Joint hiefs of Staff] and the other Chiefs, and General Galvin [Supreme Allied Commander Europe] have all described the security benefits of this treaty. Let me simply add that NATO defense ministers have also fully endorsed the treaty.

### Benefits of the INF Process

Many of you have heard this message of allied support first hand, both from allied leaders who have come here and from those with whom you have met on your own travels. In particular, I would note the trip last month by the Majority Leader [Senator Robert Byrd] and a bipartisan delegation—which included you, Mr.. Chairman [Claiborne Pell], as you noted—and the important report which it produced. Our friends and allies in the Far East, whose security will also be directly enhanced by this treaty, all fully support it as well.

The treaty is by no means a U.S. achievement alone: I give full credit to our allies, especially the five INF basing countries. NATO consultations on INF were unprecedented and directly enhanced allied solidarity. Nor is the treaty an achievement of this Administration alone: NATO made the INF dual-track decision over a year before President Reagan took office. And this treaty is not an achievement of the executive branch alone: Congress has fully supported our efforts, on the deployment track and in the negotiations—including through the Senate Observers Group—and, I might say, including a vote in 1981 fully supporting—and unanimous in the Senate—fully supporting the objectives the President sought.

### Specific Concerns

As I followed the discussion in this and the other committees and reviewed the written questions that you and your colleagues posed, I singled out a few specific points which I thought I should address directly.

**Does this treaty stand on its own merits?**

This treaty does just what NATO set out to do in 1979. It eliminates the disparity in INF missiles that led to the dual-track decision. As we devised our negotiating position, in consultation with our allies, we ensured that it could always stand on its own merits.

For years, we rejected Soviet efforts to hold this treaty hostage to other areas of arms control. We did so because this treaty, in and of itself, enhances our security. At the same time, the benefits of this treaty will clearly be enhanced if and when we conclude a START [strategic arms reduction talks] treaty, achieve a truly verifiable global ban on chemical weapons, and establish a conventional balance in Europe at lower levels. These are our priorities in arms control, and we are pressing ahead to achieve them. A single treaty can solve some of our problems, but no single treaty can solve all of our problems. So we should move ahead when we can and when we have an agreement that is clearly in our interest and that of our allies. To wait for everything to be done at once is the surest means of accomplishing nothing.

**Does anything in this treaty keep us or our allies from taking the steps necessary to maintain an effective deterrent?**

The NATO summit declaration makes explicit that the alliance is "determined to sustain the requisite efforts to ensure the continued viability, credibility, and effectiveness of our conventional and nuclear forces, including the nuclear forces in Europe." The allies agreed that "an appropriate mix of adequate and effective nuclear and conventional forces...will continue to be kept up to date where necessary."

Those of you who have looked into the question have seen how completely we succeeded in protecting such future options. We excluded from this treaty any language that the Soviets could twist to argue otherwise. Article XIV of this treaty means exactly what it says, no more and no less. It does not affect existing patterns of cooperation or future cooperation in modernization. When Foreign Minister Shevardnadze was asked by the Supreme Soviet last month if the treaty would block NATO force modernization, he replied that it gives no such guarantee.

**In particular, have we somehow made a mistake by banning a conventional ground-launched cruise missile?**

The United States and NATO did not and do not have any specific plans or military requirements to deploy conventionally armed ground-launched cruise missiles with the range covered by this treaty. There was no point in

inviting the Soviets to add to the conventional and chemical threat by deploying their recently tested intermediate-range cruise missile.

Moreover, the United States has been unable to develop—and the Soviet Union has not put forth—a regime to effectively verify the differences between nuclear and conventionally armed ground-launched cruise missiles. Thus, we would have to assume that any Soviet ground-launched cruise missile was capable of carrying nuclear weapons.

This situation is different from the one in START, where the United States must and will protect its substantial force of nuclear and conventional sea-launched cruise missiles, as well as prospects for a conventional air-launched cruise missile.

**Do we need a more intrusive verification regime?**

There is no such thing as absolute, 100% verification. The INF verification regime is the most stringent and intrusive in history. You have heard considerable detail about it, which I will not repeat. It is our judgment that the treaty, through its successive layers of procedures, contains the measures needed for effective verification of compliance.

The zero outcome really pays dividends for verification. Once the elimination period is over, the existence of any intermediate or shorter range missile would be a violation. Flight testing is not permitted. Such testing can be detected by national technical means. Without testing, weapons systems lose their reliability over time and become obsolete.

**Aren't there uncertainties over the basic data?**

We designed this treaty so that we would not have to take Soviet data on trust. But we also ensured that we would have more basic data for the INF Treaty than for any other arms control treaty in history. We have all the initial Soviet data and will get a complete update 30 days after the treaty enters into force. This gives us an excellent basis on which to assess the data we have developed ourselves, as well as the means we have used to develop it.

I know you have heard about some differences within the U.S. intelligence community over the estimated numbers of Soviet systems. I would be surprised if there were not differences of opinion; they reflect independent analysis which helps keep us all alert. The Soviet numbers for deployed and nondeployed forces are near the estimates of our intelligence community, allowing for the range of our uncertainties.

There are some differences in agency views on the number of nondeployed SS–20s. Estimates for nondeployed systems are, of course, inherently less certain. They vary by agency, reflecting the independent analysis I have mentioned.

The treaty is designed to deal with possibilities such as the Soviets having more nondeployed SS–20s than we think they do. Our national technical means can verify Soviet compliance with the treaty's ban on INF flight testing, as I have already noted, as well as with the treaty's ban on INF infrastructure. Both testing and infrastructure are essential to a militarily effective force. Thus, even if the Soviets did have some concealed SS-20s, their effectiveness would steadily atrophy. And covert systems are of no use for political intimidation.

**What will we do if the Soviets don't comply with this treaty?**

The Soviet record of compliance with treaties is far from perfect. We have incorporated into the INF Treaty some lessons we learned the hard way. For one thing, its terms are more detailed and precise than those of any of its predecessors. Its verification provisions, by increasing the likelihood of getting caught, clearly decrease the attractiveness of cheating. And the structure of the reductions will give us a basis to assess Soviet compliance early on.

Thus, the Soviet Union will have to destroy all its shorter range missiles within 18 months. This "front-end loading" means that we will be able to see, from the outset, whether or not they are complying with treaty obligations of real military significance. We will be destroying our shorter range systems in the same timeframe, but for us this will involve missiles in storage, not deployed systems.

The reductions in intermediate-range missiles will be asymmetrical. We will keep a substantial force of Pe shing IIs until well into the final months of reductions. This should pr vide an additional incentive for the Soviet Union to comply with the timetable it agreed to.

But no treaty in and of itself can fully guarantee compliance with its terms. We must and will react vigorously to any questionable Soviet ac tivities. If we detect an action that seems to be a violation, we will press the Soviets on it. Besides regular dip matic channels in Washington and Moscow, we will have a new complian forum. Article XIII of the treaty esta lishes the Special Verification Commi sion, or SVC.

At the SVC, we will describe ou concerns and press for a response. Th Soviets may be able to demonstrate that the action in question was not a violation. If they do not, this Administration has shown its determination take the actions necessary to safegua our security. Faced with continuing S viet refusal to live by the rules of SALT II, the President took an appr priate and proportional response.

The role of the Congress in this will remain essential. As I said to yo weeks ago, "If the Soviets cheat on th treaty, the President must be able to count on Congress to help him take th measures necessary to preserve our s curity and that of our allies."

**Conclusion**

The last question is the fundamental one, which I posed at the outset: is th treaty in the security interests of the United States? I submit to you that th answer is yes. The more closely you have studied this treaty, the more I am sure you will have joined me in con cluding that it deserves your full support.

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[1]Press release 43 of Mar. 15, 1988. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# ecretary's Interview n "Meet the Press"

*Secretary Shultz was interviewed NBC–TV's "Meet the Press" by An- a Mitchell and John Cochran, NBC ws, and R.W. Apple of* The New -k Times *on March 20, 1988.*[1]

**In Panama, talks have broken off ween U.S. officials and Manuel riega, but there are reports that : Catholic Church is also involved efforts to get Noriega to leave.**

**The Sandinistas seemed to be thdrawing from Honduras but lay- ; mines as they leave, prompting w air attacks by Honduras. And at will be the role of U.S. forces it to Honduras?**

**First, Panama. Noriega has ap- rently rebuffed our initial over- -es. What is the situation? What is : chance of getting him out?**

A. The situation is that Noriega ist leave sooner or later—the sooner : better. There is completely eroding pport for him. The civilians want him leave. Increasingly, the military is icking open and making it clear that ey want him to leave.

The most recent development is at his two personal pilots—one to pi- his fixed-wing aircraft and the other helicopter—have come to the United ates; and that's evidence of a cracking en very close to him. So he must ive. I think the weight of opinion is at way, and he's going to have to do

**Q. What are the possible terms? e apparently are willing to waive ex- adition but not drop the indict- ents. He wants the indictments to : dropped, and he wants some say in transition. What is the state of play iere?**

A. He can't expect any indictments be quashed—that's out of the ques- on—and he can't expect to have any y in the transition. He tried to pro- ide an illegal transition through a vir- ial coup by this unconstitutional and hony process in which he tried to dis- lace the legitimate President of Pan- ma. So what he has to do is leave, and e should settle quickly before the op- ortunity that's there before him to go Spain should disappear.

**Q. Now we want to get back to that in a moment, but first also establish what is the latest situation on the ground. We've had the Honduran air attacks Saturday against the withdrawing—we believe withdrawing—Sandinista troops. Are the Sandinistas out of there, and what side of the border was hit by the Hondurans?**

A. I think you described it fairly in your opening statement. The Nicaraguan Government did invade Honduras. They had troops in there. That's unquestioned.

It's interesting that President Ortega, at the time they were actively in there, said on the radio that they weren't. Simultaneously, his Foreign Minister was calling the Speaker of the House of Representatives here, who told me that the Foreign Minister assured the Speaker that the troops were leaving. As it turned out, both of them were lying, although their troops now are leaving—no doubt in response to the strong international reaction to what happened and in response to the Honduran Government, their actions, and the support given to them by the United States.

**Q. And will that support extend to transporting Honduran forces close to the combat zone or to the combat zone if requested?**

A. We don't go into the combat zone. On the other hand, if we have any kind of request from the Government of Honduras, we try to honor it; and sometimes it's easier than other times because our government is tied up in all sorts of restrictions, and we try to do it properly and legally. So you have to struggle your way through this maze, but we manage it.

**Q. But do you think we would help them move forces to or close to the front if they need that?**

A. I'm not going to make a comment on any particular thing; but any request they make, we've tried to honor it.

**Q. Back to Panama for a moment. You sounded as if you were saying that the U.S. Government was prepared to withdraw its offer to Mr. Noriega if he didn't accept it in the next couple of days. Is that a correct inference?**

A. You can make any inference you want. I do think that right now he has the opportunity to make a semi-graceful exit. The sooner he makes it, the better for Panama, the better for the Panamanian Defense Forces. He would have an airplane that would take him there, and the Spaniards are ready to receive him.

**Q. And, if not, are we prepared to throw him out?**

A. I'm not going to get into such iffy questions. The point is not what the United States is doing; it's the people of Panama who are taking charge of him.

**Q. Let's suppose for just a moment that he doesn't leave and that the people of Panama do take things into their own hands. American military commanders in that area are becoming quite worried about the well-being of Americans in the area. I've been out on the campaign trail. The presidential candidates are becoming quite agitated about the Panama Canal, some of them saying we should abrogate our agreement to turn it over to the Panamanians. Aren't we in danger of chaos down there?**

A. No. What is happening is that Noriega increasingly is seen as a drug runner, as a person who has very close Cuban-Libyan ties. It shouldn't be lost on anybody that the first foreign government president to come to his side was President Ortega of Nicaragua. So you see the kind of company he's keeping. And the Panamanians see that. They want to get him out, and they are expressing that in all sorts of ways. I think that they're going to succeed, and we'll help them.

**Q. Is there anything there to succeed him?**

A. Yes. In the first place, there is a proper, recognized President, civilian President, that will succeed him—or he will succeed him.

Second, the [National] Civic Crusade and opposition party members have kind of rallied together to support him and support a transition.

And, third, certainly there are many credible and worthwhile people in the Panamanian Defense Forces. They have an honorable, continuing role to play in Panama; and leadership certainly will be found, without a doubt, in that case. So there is plenty of succession around.

**Q. Going back to Honduras and Nicaragua, do the events of the past week make you more optimistic than you were a week ago about getting *contra* aid? And what are your plans for requesting *contra* aid?**

A. First of all, let me say that the President's policies in Central America, which were set out very clearly way back in 1983 to a joint session of Congress, have been gradually succeeding, and we now see four civilian-elected presidents in Central America instead of just one. And we saw great progress in having an impact on Nicaragua and trying to get it to change.

It was doing fine until in early February, a majority—a bare majority—of the House of Representatives voted to stop further American aid to the freedom fighters in Nicaragua. It's been downhill since that time. That vote was a real setback for the interests of the United States and for the interests of freedom in Central America. It certainly is not too late to turn that around, and the freedom fighters deserve support. But that was a severe blow to freedom; there's no doubt about it.

**Q. So what happens next? Is this cross-border incursion—alleged or otherwise—going to help your case?**

A. It's not alleged or otherwise; it's a fact, and even Andrea Mitchell said so in the opening of this show—she said so. She reported the news accurately. So it has had an impact on people, and it has helped to expose the Nicaraguan Government and Ortega for what they are. They lied about it again. How many times are we going to buy a used car from that guy?

**Q. You made a comment up on the Hill on Thursday to a Senate committee. Talking about a conversation between the Nicaraguan Foreign Minister and House Speaker Jim Wright, you said, "There must be a direct line between Managua and Jim Wright's office."**

**I know it was just a joke, but in fact I thought there was a peace treaty between the two of you. I gather you're still upset about Mr. Wright being in direct negotiations with the Nicaraguan Government.**

A. I thought it was very interesting, and it helped us to know what the Foreign Minister of Nicaragua wanted Mr. Wright and all of us, through him, to believe. He wanted us to believe something that wasn't so. And now as a result of the reactions that have taken place—very broad-scale reactions; not only in this country, but abroad—perhaps the Nicaraguans are retreating. And, as I think also was pointed out here, they are trying to lay mines as they do so to make life more difficult for people to re-use the airport that they took and other things of that kind.

**Q. And you don't object to Jim Wright talking to the Nicaraguans?**

A. He is the Speaker of the House of Representatives, and he can talk to anybody he wants to talk to, and does.

**Q. What about *contra* aid, including a military component? Several senators suggested that just the other day. Would the Administration sign on to that, or, in fact, has the Administration been behind the scenes, suggesting—**

A. No. Quite a number of senators—Democrats and Republicans—produced a plan. It's a very interesting plan. We're studying it. It seems a little low on money, but it is an interesting effort on their part and deserves careful study, and I hope that something goes forward. It should go forward.

**Q. Do you think those cease-fire talks will be held as scheduled tomorrow, or have the recent events made that impossible?**

A. I don't know. I think the likelihood is they will, but I'm not certain of that. There seems to be a certain amount of maneuvering among the parties. But I think a reasonable and sensible cease-fire would be a good thing, and so we're for it. We're for pushing forward on the accord that was signed in Guatemala City last summer and reaffirmed in San Jose in January. We'd like to see that go forward. The principal obstacle is the Nicaraguan Government.

**Q. A very basic question: Perhaps I need educating, but I've always felt that the reason for a show of force was to scare the other guy, and I don't understand what good it does to send a bunch of troops to a hot spot, saying "Under no circumstances will they engage in combat. They won't even get close to combat. We'll tell you in advance they're going to be out of there in X days." How does that show force to anyone?**

A. It shows support for the Government of Honduras. It does it in a way that, among the options, they thought was the most worthwhile. It shows immediate U.S. responsiveness, and it does put forces in there should the Nicaraguans invade much more fully into Honduras than they have so far. And to the extent that—

**Q. So there is no commitment not to use them under any circumstances? There are circumstances u der which you could use those forc**

A. Those forces are not there w any plan to engage in anything othe than an exercise, which is just what they are doing.

**Q. But if there should be a ma invasion, as you just said?**

A. Any time a country that's pa of the OAS [Organization of America States] system, part of the Rio treat system, is invaded in a major way, o viously there's going to be a response this hemisphere and we're going to b part of it.

**Q. And those troops could be p of it?**

A. I don't want to in any way de ate from the fact that those troops a sent in there to show support for the Government of Honduras, which aske for them, and thereby beef up the ex cise procedure that was going on. That's exactly what they're doing, an that's all they're doing.

**Q. Didn't they ask for help but not explicitly for troops? I read at least the cable that was disclosed. I don't know if there were other secre requests.**

A. The process is something like this: The Nicaraguans invaded Honduras. The Government of Honduras, among others, was concerned about it to put it mildly, so they said, "You ha said you'd support us under such circumstances. Will you do so?" And the President reaffirmed through the ambassador, "Of course."

In the meantime we had discussions here, if asked, what are differen things that could be done? And so, in back-and-forth discussion between our ambassador, speaking for us, and the President of Honduras, the different options were looked at; and the President of Honduras said, "Do this. That would help me." So we did it.

**Q. The events in Central Americ have pushed the Middle East now off the front page, but I think you're sti very much involved in it. You make much of the fact that Prime Minister Shamir didn't actually say no to you peace plan, but he said no to the international conference. He said no to territory for peace. You've also said that none of the components of your plan can be changed. So in effect, even though the Israeli Cabinet hasn't voted, hasn't he said no, really?**

A. The situation is that we have an
›roach to getting the peace process
ng in the Middle East. So far as I
:, nobody else has one. At the same
ıe, the need to move is clear, and
·rybody acknowledges it—including
me Minister Shamir, including For-
n Minister Peres, including the Arab
ders. Everybody says it's time. As it
s put to me in Israel, I think by
me Minister Shamir, the page has
:n turned; we have to write a new
ıpter.

So how are we going to write that
ıpter? It must be through negotia-
ns. How do we get into those direct
ıteral talks that have to be the es-
ıce of a settlement? We have pro-
sed a way to do it, and we're talking
›ut it with all of the parties. Every-
ly's evaluating; nobody says no; no-
ly says yes; and it's in the nature of
s process.

**Q. Henry Kissinger for one has
d that he has the gravest doubts
out an international conference be-
ıse the United States would just
d up being beaten up by everyone
volved and blamed for everything.
ıat do you say about his analysis?**

A. Prime Minister Shamir, to a
·tain extent, and others who have
itten against our concept, singling
t the international conference we've
›posed, have been opposing an inter-
tional conference that we did not pro-
se. In fact, they have been opposing
e kind of international conference
ıt was proposed by the Soviets in the
N Security Council and which we
toed.

We proposed a conference that is
t able to impose solutions on the par-
:s, not able to veto any agreements
ıt are made by the parties, but is a
hicle for getting negotiations started.
ıat's what we proposed, and that's be-
nning to become clearer as a result of
tacks that people are making on a
fferent kind of conference, which we
·pose too.

**Q. As John pointed out, isn't it
ad?**

A. I don't think so. We'll see. For
e sake of the region, as President
eagan said, "You don't have to answer
me. You have to answer to your own
·ople in your own region."

**Q. Everybody agrees that what
›u're doing is important—I mean,
ying to effect peace in the Middle
ast, that's God's work—but at some
point you have to say you're beating
your head up against a stone wall
here. You're inviting a certain
amount of, if not humiliation, at
least—can a superpower keep going to
people and pleading with them? At
some point don't you have to just say
"enough?"**

A. We're not going to people plead-
ing with them. We're going to people
trying to help them. And I don't think
you should ever get tired of working for
peace.

**Q. Are you ready to go back to
the Middle East?**

A. Sure.

**Q. What are the chances of your
going back?**

A. I don't know. I'm ready. If
there's something constructive to be
done, I've always been ready.

**Q. What's the signal you need to
go back? What's the minimum you
need to go back?**

A. We'll just evaluate the situation
as it goes and see in what way we can
do the most good.

**Q. Mr. Shevardnadze [Soviet For-
eign Minister] is due in Washington.
We're clearly going to have or appar-
ently going to have a summit meeting
in Moscow this spring. I can re-
member you saying to me and to oth-
ers on a number of occasions, "It's
very important not to have summit
meetings until you have something
ready." We're going to have the sum-
mit, and we apparently don't have
anything ready—at least not an
agreement. Is this a mistake?**

A. No. I think it is important that
summit meetings have content, but it's
also true that we are now evolving into
a process where perhaps they will come
to be a little more normal—not that
they'll ever be like meetings between
any other two countries—and I think
that's healthy. But there are plenty of
things on our plate right now that can
come to fruition other than the strate-
gic arms treaty.

But both sides would like to see a
strategic arms treaty if we can get a
good one that's solid and we see in our
interests and, of course, they have to
see it in theirs.

**Q. But that's not possible—we'll
not have any strategic arms treaty at
this spring's meeting—is it?**

A. Oh, I think it's possible.

**Q. You still think it's possible?**

A. I think it's very hard work, and
it's by no means in the bag, but it's
possible. But we're not going to try to
have one just for the sake of a treaty.
We'll only be willing to go forward—the
President will—if it's something we re-
gard as good.

**Q. Can you tell us how you feel
about the Israeli crackdown on the
press, on TV crews?**

## South Africa's Proposal to Ban Foreign Funds

**DEPARTMENT STATEMENT,
MAR. 2, 1988[1]**

On the proposed South African prohibition of foreign funds which would ban organizations from receiving funds from abroad for political purposes, we regard this proposed legislation as unwarranted. Coming on the heels of last week's effective outlawing of most anti-apartheid organizations, this is further evidence that the South African Government, not content with being isolated by others from the rest of the world, is determined to isolate itself from Western democracies and the world at large.

Americans, like others throughout the civilized world, are providing help to groups seeking peaceful change in South Africa. The South African Government's action may well discourage such efforts. For our part, we intend to continue our support for constructive change and expanded black opportunity, and we urge those concerned with a democratic alternative to apartheid to do likewise.

[1]Read to news correspondents by Department deputy spokesman Phyllis Oakley. ■

**Q. They've been blocked from the occupied territories today.**

A. I think that it's by and large a good rule to be open to the press and let people see what's going on. In democratic societies, people want to see what's going on and get an accurate picture.

**Q. So you disapprove.**

A. The Israelis have a problem. They have the problem of maintaining order. It isn't so much trying to prevent people from knowing what's going on; in a sense it's incitement that the television camera may give. A person sees a camera, runs out, and throws a rock, so that a person can get beat on—that kind of thing—and the Israelis are worried about that.

**Q. It sounds a little bit like the excuses made in the American south a generation ago.**

A. No, no. I'm not giving excuses. I'm explaining the situation they're in. But, as I said to begin with, I think basically the right policy is an open policy.

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[1]Press release 47 of Mar. 22, 1988. ■

# SDI: Enhancing Security and Stability

*by Edward L. Rowny*

*Address before the Institute for Foreign Policy Analysis Conference on the Strategic Defense Initiative on March 14, 1988. Ambassador Rowny is special adviser to the President and the Secretary of State for arms control matters.*

My introduction to what has become the Strategic Defense Initiative (SDI) dates to my conversations with then-Governor Reagan during the 1980 campaign. The "Governor" had a rhetorical question. Why, he asked, should we and the Soviet Union be content to sit like two people with pistols pointed at one another's heads? How could we change this inherently dangerous situation? I answered that there were two basic approaches to bring about a change. We could agree to put the pistols down—to reduce arms—or we could put on helmets—defend ourselves. At that time, however, technology was not sufficiently advanced to support the "helmet option."

This conference is evidence that the situation has changed. In the 5 years since President Reagan's speech launching SDI, we have seen great progress in the technology of strategic defenses. Indeed, the Defense Acquisition Board has approved six key SDI technologies for demonstration and validation.

But I will leave the technology to the scientists. My remarks will focus on SDI in its strategic context—how it fits in with our defense and arms control goals. I will also address how the Soviet Union responds to these goals.

Pursuing both of the approaches I discussed with him in 1980, two of the highest priorities on President Reagan's agenda are SDI and START [strategic arms reduction talks], a treaty which would reduce strategic offensive arms. The President is deeply committed to developing effective defenses against ballistic missiles and to working toward a strategic arms reduction treaty that will cut in half existing U.S. and Soviet nuclear arsenals in a manner that contributes to stability.

The common theme uniting these goals is security and stability. Future strategic defenses offer us hope against the threat of ballistic missile attack. A good START treaty will reduce that threat, too. The overarching link between these objectives is the goal of enhancing deterrence. Both seek to reduce the risk of war.

However, the popular debate on the role of strategic defense and deterrence often centers around the notion that START and SDI are competing objectives. But they must not be viewed as competitors. In fact, the United States pursues the two goals in such a fashion as to make them mutually reinforcing: fewer strategic offensive weapons simplifies the task of defending against them, while the prospect of effective strategic defenses discourages Soviet reliance on their preemptive offensive nuclear strategy. This, as I will discuss later, is not the approach now taken by the Soviets.

Again, the common theme in START and SDI is enhanced security and stability. A treaty reducing the strategic nuclear arsenals of the United States and Soviet Union can contribute to the goal of enhanced security, but only if it provides for stabilizing reductions—that is, reductions in those Soviet weapons and delivery systems with the greatest first-strike potential. To use an appropriate cliche, any strategist worth his salt will tell you that it is more important to decrease first-strike incentives than it is to decrease weapons inventories. And given the Soviet record on compliance and the high national security stakes of a START agreement, it is critical that these reductions be carried out under a verification regime that provides confidence for the United States that the Soviets are complying with the agreement.

Strategic defenses meeting the stringent criteria of the United States—military effectiveness, survivability, and cost effectiveness—will contribute to those very goals of improved security and strategic stability furthered by a good START agreement.

### Inhibiting Soviet First-Strike Planning

What about SDI and deterrence? It is important to recognize that deterrence can be enhanced even with a partially effective strategic defense system. This is because of the havoc such effective strategic defenses could wreak on a potential attacker's first-strike plans. Planning a nuclear first strike is a highly complicated effort with specific military objectives. Soviet military strategy has been based on the preemptive use of nuclear weapons in the effort to destroy or neutralize Western nuclear assets and to disrupt our command and control systems. Their overall objective in a nuclear war would be to deny the United States the option of effective retaliation, thereby preserving the Soviet Government and their elite.

The weapon best suited to this goal is the large, MIRVed [multiple independently-targetable reentry vehicle] ICBM [intercontinental ballistic missile], which constitutes the backbone of Soviet strategic forces. Effective American strategic defenses would severely inhibit the military utility of the Soviet planner's favorite weapon and greatly contribute to the uncertainty of the Soviet attack plan. As Soviet planners come to realize the decreasing utility of

ballistic missile in this critical stra-
c role, they will have no incentive to
ıire greater numbers. Rather, they
be led to reduce their reliance on
weapon and alter their doctrine.
Denying Soviet ballistic missiles a
ride to their targets can throw a
key wrench into the best-laid plans
ıe Soviet General Staff. And it is in
interest to see to it that no Soviet
ner could contemplate a first strike
er any circumstances with any con-
nce. This is what enhancing strate-
deterrence is all about. SDI
ributes to this goal.

Our experience since 1983 has
vn that SDI has reinforced and con-
es to reinforce the American posi-
at the negotiating table, especially
TART. SDI played a key role in
ing the Soviets back to the nego-
ng table in 1985 and has helped
) them there since. The record has
vn that the Soviets take arms con-
seriously only when it is clear that
United States is prepared to do
t is required to preserve the mili-
balance. The INF [Intermediate-
ge Nuclear Forces] Treaty is an ex-
ent example of what can be achieved
rms control when the United States
its allies are ready to meet their
ırity needs by their own action.

In the strategic arms field, con-
ed modernization of U.S. strategic
nsive forces, coupled with a vig-
ıs strategic defense program, gets
message to the Soviets that their
e for strategic superiority will not
olerated by the United States. SDI
motes Soviet seriousness at the
gaining table. Moreover, deployed
ıtegic defenses would actually
ngthen a START regime. While
would not decrease the importance
heating, effective defenses could re-
e its impact by providing a margin
afety as a hedge against a clan-
tinely deployed offensive force.

### Cooperative
### nsition to Defenses

t as clearly, a good START treaty
ports our goals for SDI. It's as sim-
as realizing that fewer offensive bal-
c missile warheads—a smaller
eat—make the defensive job that
h easier. This is another reason we
sue a START treaty—and why we
ct the Soviet effort to kill or cripple
Strategic Defense Initiative as the
e of that deal.

The U.S. approach to strategic stability and enhancing deterrence is directly reflected in our arms control positions at the nuclear and space talks. We are working toward a stabilizing and verifiable 50% reduction in strategic offensive arms, while advancing in the defense and space talks a treaty that would help provide for predictability in the strategic relationship and for the possibility of moving cooperatively toward a more stable, increasingly defense-reliant deterrent regime.

The Soviet Union, however, has not adopted a similarly progressive approach. The Soviets would like to preserve their offensive force advantages while they pursue their own strategic defense programs. So the Soviets still maintain their linkage between START reductions and crippling restrictions on the U.S. SDI program, limits they seek to impose on SDI above and beyond those already agreed by the sides in the ABM [Antiballistic Missile] Treaty. They continue to hold offensive reductions hostage to U.S. compliance with Soviet-defined limits on strategic defense work. They do this even though Soviet strategic weapons are now four times the number they were in 1972, when the United States concluded the ABM Treaty in the belief that it provided the premise for reducing the then-existing strategic offensive nuclear arsenals.

The Soviets don't impose linkage because they object to strategic defense in principle. They have their own strategic defense program, estimated to cost about $20 billion annually, the existence of which they categorically denied until General Secretary Gorbachev's offhand admission of it to Tom Brokaw.

The Soviet strategic defense effort, in fact, is comprehensive and long-standing. It consists of the permitted 100-interceptor system deployed around Moscow, which the Soviets are now upgrading; a comprehensive passive defense program for the protection of the Soviet leadership and key industry; massive strategic air defenses (over 12,000 SAM [surface-to-air missile] launchers); and programs investigating many of the same advanced strategic defense technologies under investigation in SDI.

This advanced technology program is, moreover, no "response" to SDI. Its various elements have been in place since the 1960s, and it represents, as a whole, a much greater investment of plant space, capital, and manpower than does SDI. The Soviets are investigating weapons technologies for kinetic energy, particle beam, radio-frequency, and laser weapons.

Soviet investment in their laser weapon program is especially interesting and instructive, since the Soviets so often denigrate the prospects for these advanced technology weapons. The Soviet military laser program involves some 10,000 of their top scientists and engineers and would cost us $1 billion a year to duplicate. It is centered at Sary Shagan, where the Soviets also conduct other ABM activities. The Sary Shagan facility features several air defense lasers and two lasers probably capable of damaging some components of satellites in orbit. One of these lasers is suitable for ballistic missile defense feasibility testing.

### "Semantic Infiltration" Opposing SDI

It stretches one's credulity to reconcile the aggressive Soviet strategic defense program with Soviet rhetoric on SDI. The Soviets have charged that SDI is a U.S. attempt to gain strategic superiority, to generate a new round in "the arms race," to "militarize space," and to undermine the basis for offensive arms reductions. However, in Geneva, the Soviets have shown themselves unwilling to engage in open discussion of key issues, such as the nature of strategic stability, the possible contributions of defenses to stability, measures for ensuring predictability in the strategic relationship, and the offense-defense relationship.

No state is so strong a proponent of strategic defense in practice as the Soviet Union, yet none is more strongly opposed to SDI in public. Standing Soviet rhetoric side-by-side with their strategic defense efforts, one is led to conclude that the Soviets are far more interested in stigmatizing the U.S. defense effort than in engaging in a reasonable and constructive dialogue on the future of the strategic relationship and the role of strategic defenses in it.

The Soviets have recently adopted the theme that the issue in the defense and space talks is not SDI but the ABM Treaty. They have downplayed their polemical attacks on SDI in favor of arguing for "stability," which they say means an unconditional commitment to the ABM Treaty. But changes in Soviet public statements, in my judgement, reflect more of a shift in the style than in the substance of their position.

If there is one thing that Gorbachev and his new team in Moscow represent, I believe, it is the realization that one can draw more flies to honey than to vinegar. So the Soviets are practicing their time-honored technique of semantic infiltration by employing some of our lexicon to serve their political ends; for example, by emphasizing the word "stability," by which they mean the United States observing the ABM Treaty on Soviet terms, although the Soviets themselves are violating the treaty. They have toned down some of the harsher aspects of their rhetoric. But their goal remains the same—killing SDI, quickly or slowly. In their well-orchestrated public campaign of antipathy to the U.S. investigation of strategic defenses, the Soviets even trot out the very same Soviet scientists who develop Soviet strategic defense technology to allege that "it can't be done" and "it's destabilizing." This must be recognized as another cynical attempt to undermine a legitimate effort that "threatens" only a Soviet military advantage.

We must look to our own interests. The American people overwhelmingly support the idea of defense against ballistic missile attack. Yet the U.S. Congress has been unwilling to provide the funds necessary to move the program as fast as the technology will permit.

It is clear now, 5 years from President Reagan's visionary speech, that SDI's future depends not so much on the ingenuity of our scientists or the limits of technology as it does on our willingness to meet the political challenges posed by the possibility of effective strategic defenses. The road ahead is difficult, and we can expect the Soviets to remain uncooperative. We must demonstrate to them our resolute determination to move forward to a strategic balance incorporating defenses which threaten no one. There is no reason we should be wedded to an uneasy balance of nuclear terror. Rather, we should recognize that the incorporation of effective strategic defenses in the balance could serve to decrease both the chances and the threat of war. This is the real challenge of SDI. ■

# U.S. Arms Control Initiatives

Arms reduction negotiations are a key element in the Administration's strategy to build a safer peace and ensure the security of the United States and its allies. Through arms reductions, we seek to enhance strategic stability at lower levels of military forces, thus reducing the risk of conflict. The United States took an important step toward that goal with the signing in Washington on December 8, 1987, of the INF Treaty. We continue to seek further reductions at the nuclear and space talks (START and defense and space) in Geneva as well as at other negotiating forums where the United States has taken the initiative to reduce the risk of war.

### Intermediate-Range Nuclear Forces

The INF negotiations have successfully concluded. On December 8, 1987, President Reagan and General Secretary Gorbachev signed the historic INF Treaty, which provides for the elimination of the entire class of U.S. and Soviet ground-launched INF missile systems. The success of these negotiations is a direct consequence of the President's steadfast commitment to achieving real arms reductions, rather than merely limiting increases as in previous treaties. The treaty is also the result of NATO solidarity in responding to the threat posed by Soviet deployment of SS-20 missiles.

The treaty provides for the elimination of all U.S. and Soviet ground-launched INF missile systems in the range of 500–5,500 kilometers (about 300–3,400 miles) and the elimination of related support facilities and support equipment within 3 years after it enters into force. The treaty bans all production and flight testing of these missiles immediately upon entry into force. After the 3-year period of elimination, the treaty will ban all facilities for deployment, storage, repair, and production of these missile systems. The treaty contains the most comprehensive verification provisions in the history of arms control, including various types of short-notice, onsite inspections as well as inspection by resident, onsite teams at a key missile facility in each country.

The INF Treaty is consistent with longheld U.S. positions in key areas of the negotiations.

**Intermediate-range missiles (range 1,000–5,500 km).** From the be ginning of formal talks with the Sovie Union in November 1981, the United States sought to eliminate all U.S. an Soviet IRM systems—the President's original "zero option" proposal. In Jul 1987, the Soviets finally agreed to elir inate these systems.

**Shorter range missiles (range 500–1,000 km).** The United States insisted from the beginning of the negotiations that an INF agreement must constrain shorter range missiles to pr vent a Soviet buildup of such systems which, if forward deployed, could hit many of the same targets as the IRM: The agreement to eliminate all U.S. and Soviet SRMs as an integral part c an INF accord satisfies this U.S. requirement.

**Reductions on a global basis.** Tl United States required that any limit: tions on INF missiles must be global t prevent the transfer of the Soviet INI threat from Europe to Asia. The Soviets accepted this in the context of global elimination of both categories o U.S. and Soviet INF missiles.

**No allied forces.** The United States maintained that bilateral agreements between the United States and the U.S.S.R. cannot constrain allied forces or affect existing patterns of cooperation with our allies. The INF Treaty is consistent with this principle

**No adverse impact on conventional forces.** The United States insisted that the INF Treaty must not weaken NATO's conventional defense posture and successfully resisted Sovie efforts to include forward-based, dual-capable aircraft. The treaty will actually improve NATO's ability to reinforc its conventional forces by eliminating Soviet shorter range forces which coul be armed with nuclear, conventional, or chemical warheads and could attack NATO ports and airports.

### Strategic Offensive Forces

The United States places highest priority on its efforts to reach an equitable and effectively verifiable agreement with the Soviet Union for deep and stabilizing reductions in strategic nuclear arms. In particular, the United States seeks reductions in the most destabiliz-

nuclear arms—fast-flying ballistic siles, especially heavy, intercontiral ballistic missiles with multiple heads.

As a concrete step toward this end, United States presented a draft ty at the strategic arms reduction s in Geneva on May 8, 1987. This 't treaty reflected the basic areas of eement on strategic arms reductions hed by President Reagan and Gen- Secretary Gorbachev at Reykjavik October 1986 to achieve 50% reducs in U.S. and Soviet strategic nur arms. The Soviets presented a 't treaty on July 31, 1987. While the iet draft contained some areas of larity to the U.S. proposal, it ofd no movement on the major outding issues. The U.S. and Soviet 't treaties provided the elements for int draft treaty text, which cones to be the basis of negotiations.

During their meetings in Washon in December 1987, President gan and General Secretary Gorhev agreed to instruct their negoors to work toward completion of a ART agreement at the earliest possidate—if possible, in time for sigure of the treaty during their next eting in Moscow in the first half of 8. In so doing, the negotiators are ding upon the agreements of 50% uctions as reflected in the joint ft START treaty text, including eement on ceilings of no more than 00 strategic offensive delivery sysns, 6,000 warheads, and 1,540 wards on 154 heavy missiles; the agreed e of account for heavy bombers and ir nuclear armament; and an agreent that, as a result of the reductions, aggregate throw-weight of Soviet ercontinental ballistic missiles and marine-launched ballistic missiles l be reduced to a level approximately % below the existing level, and this el will not be exceeded by either e for the duration of the treaty.

During the summit, the two leadmade further progress on START, luding agreement on a sublimit of 00 for the total number of ballistic ssile warheads, a method for count- the number of warheads on existing es of ballistic missiles, and, building the verification provisions of the F Treaty, guidelines for effective rification of a START treaty. Howr, important differences remain, inding such issues as whether to ban bile intercontinental ballistic miss, a warhead sublimit on ICBMs, sea-launched cruise missiles, and the details of an effective verification system. In addition, the Soviets continue to link agreement on strategic arms reductions with U.S. acceptance of measures which would cripple the U.S. Strategic Defense Initiative.

The United States seeks a fair and durable agreement to bring about—for the first time in history—deep reductions in the strategic nuclear arsenals of the United States and the U.S.S.R. We believe such an agreement could be reached this year if the Soviet Union shares our constructive approach to the Geneva negotiations.

### Defense and Space Issues

In the defense and space forum, the United States seeks to discuss with the Soviets the relationship between strategic offense and defense. We also seek to discuss how, if we establish the feasibility of effective defenses, the United States and U.S.S.R. could jointly manage a stable transition to deterrence based increasingly on defenses rather than on the threat of retaliation by offensive nuclear weapons.

During their December 1987 meetings in Washington, President Reagan and General Secretary Gorbachev agreed to instruct their Geneva negotiators to work out an agreement that would commit the sides to observe the Antiballistic Missile Treaty, as signed in 1972, while conducting their research, development, and testing as required, which are permitted by the ABM Treaty, and not to withdraw from the ABM Treaty for a specified period of time. They agreed that intensive discussions of strategic stability shall begin not later than 3 years before the end of the specified period, after which, in the event the sides have not agreed otherwise, each side will be free to decide its own course of action. Such an agreement would have the same legal status as the START treaty, the Antiballistic Missile Treaty, and other similar, legally binding agreements and would be recorded in a mutually satisfactory manner.

On January 22, 1988, the United States put a draft defense and space treaty on the table at the Geneva negotiations. This draft embodies the elements of the agreement reached by the two leaders in Washington. By presenting a draft treaty, the United States seeks to transform the areas of agreement reached at the Washington summit into treaty language and to provide a vehicle for identifying and resolving areas of disagreement.

The U.S. draft calls for a new and separate treaty and incorporates the following elements:

- Entry into force contingent upon entry into force of a START treaty;
- Agreement not to withdraw from the ABM Treaty for a "specified period of time" to be determined through negotiations;
- Continued observance of the ABM Treaty through that period and until either party chooses to deploy; and
- After the "specified period of time," either party is free to choose to deploy strategic missile defenses that are prohibited by the ABM Treaty, upon giving the other party 6 months' written notice of its intention to do so.

The United States also proposes that confidence-building measures to provide predictability for each side regarding the strategic defense programs of the other be included as an integral part of the defense and space treaty in the form of a protocol. U.S.-proposed predictability measures include an annual exchange of data on planned strategic defense activities, reciprocal briefings on respective strategic defense efforts, visits to associated research facilities, and establishment of procedures for reciprocal observation of strategic defense tests.

On January 15, 1988, the Soviets proposed adding a protocol to the draft START treaty which deals entirely with defense and space issues. This protocol

### Acronyms

ABM—Antiballistic Missile Treaty
CORRTEX—Continuous Reflectometry for Radius versus Time Experiment
CSCE—Conference on Security and Cooperation in Europe
CW—chemical weapons
IAEA—International Atomic Energy Agency
ICBM—intercontinental ballistic missile
INF—intermediate-range nuclear forces
IRM—intermediate-range missiles
MBFR—mutual and balanced force reductions
PNET—Peaceful Nuclear Explosions Treaty
SDI—Strategic Defense Initiative
SRM—shorter range missiles
START—strategic arms reduction talks
TTBT—Threshold Test Ban Treaty

contains language that is inconsistent with the agreement reached at the Washington summit. In addition, the Soviet proposal retains unacceptable linkage between reductions in strategic offensive arms and restrictions on strategic defense which go beyond those agreed in the ABM Treaty.

We hope that the Soviets will join us in serious discussions to conclude a defense and space treaty that achieves the important goals which the two leaders identified at the Washington summit. We hope that such a treaty will hasten progress toward a safer, more stable world—one with reduced levels of nuclear arms and an enhanced ability to deter war based on the increasing contribution of effective strategic defenses against ballistic missile attack.

### Nuclear Testing

The United States and the Soviet Union have begun step-by-step negotiations on nuclear testing. In undertaking these talks, the two countries agreed as a first step to negotiate effective verification measures for two existing but unratified nuclear testing treaties, the Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty. Once these verification concerns have been satisfied and the treaties ratified, the United States would immediately propose negotiations on ways to implement a step-by-step parallel program—in association with a program to reduce and ultimately eliminate all nuclear weapons—of limiting and ultimately ending nuclear testing.

We are making progress toward our goal of effective verification of the two existing treaties. During the December 1987 summit in Washington, the United States and the Soviet Union agreed to design and conduct joint verification experiments intended to facilitate agreement on effective verification of these two treaties. These joint experiments, which will take place at each other's nuclear test site, will provide opportunities to measure the yield of nuclear explosions using techniques proposed by each side. Through these experiments, we hope to provide the Soviet Union with all the information they should need to accept U.S. use of CORRTEX—the most accurate technique we have identified for verification of the TTBT and the PNET.

We and the Soviets also agreed to visit each other's nuclear test sites for the purpose of familiarizing ourselves with the conditions and operations at those test sites. These unprecedented visits—which build on an idea the President first proposed in September 1984—took place in January 1988 in a constructive and cooperative atmosphere.

These familiarization visits contributed to a better understanding of the practical problems associated with conducting the joint verification experiments, and we now have the information needed to design the experiments. The two sides began this work when round II of the nuclear testing talks opened on February 15 in Geneva. It is our hope that the United States and the Soviet Union will continue to make expeditious progress in these talks.

### Nuclear Risk Reduction Centers

On September 15, 1987, Secretary Shultz and Soviet Foreign Minister Shevardnadze signed an agreement to establish Nuclear Risk Reduction Centers in their respective capitals. This agreement, which is the direct result of a U.S. initiative, is a practical measure that will strengthen international security by reducing the risk of conflict between the United States and the Soviet Union that might result from accident, misinterpretation, or miscalculation. The centers will exchange information and notifications required under certain existing and possible future arms control and confidence-building measures agreements. For example, the centers will be used to transmit notifications required under the INF Treaty. The United States is currently in the process of establishing the U.S. center, which will be located in the State Department.

### Nuclear Nonproliferation

In January 1988, the United States and the Soviet Union held the 10th round in an ongoing series of consultations, which began in December 1982, on nuclear nonproliferation. These consultations have covered a wide range of issues, including prospects for strengthening the international nonproliferation regime, support for the Nuclear Non-Proliferation Treaty, and the mutual desire of the United States and the U.S.S.R. to strengthen the International Atomic Energy Agency. These consultations are not negotiations but, rather, discussions to review various issues of common concern, especially prevention of the dangerous spread of nuclear weapons. The next consultations will be held around the time of the June IAEA Board of Gov nors meeting.

### Chemical Weapons

In April 1984, the United States presented, at the 40-nation Conference o Disarmament in Geneva, a comprehe sive draft treaty banning developme production, use, transfer, and stockp ing of chemical weapons, to be verifi by various means, including short-notice, mandatory onsite challenge in spection. At the November 1985 Gen summit, President Reagan and Gene Secretary Gorbachev agreed to inten sify bilateral discussions on all aspec of a comprehensive, global chemical weapons ban, including verification. Since then, we have held seven round of bilateral talks on a chemical weapo treaty. An eighth round is proposed f spring 1988. These discussions have narrowed differences in a few areas, i cluding early data exchange and destruction of production facilities.

Until March 1987, the Soviets, w possess by far the world's largest che ical weapon stockpile, had not admitt that they even possess such weapons. In April, they claimed that they had stopped producing them, had no chen ical weapons positioned outside their borders, and were building a facility t destroy existing stocks. They also hosted a visit by Conference on Disar mament representatives to the Soviet chemical weapon facility at Shikhany i October. In addition, the Soviets final accepted a longstanding U.S. invitation to observe the U.S. chemical weapon destruction facility in Tooele, Utah; on November 19–20, 1987, a dele gation of Soviet experts visited that fa cility. We see these moves as useful steps toward building confidence, whic will facilitate negotiation of an effectively verifiable ban on chemical weapons.

Nonetheless, a number of key issues remain unresolved, including ensuring participation of all states that could pose a chemical weapons threat; strengthening verification in light of new technologies, the continuing proliferation of chemical weapons, and the expansion of chemical industries capable of both military and civilian produc tion; maintaining security during the chemical weapon destruction phase under a convention; and defining how to protect sensitive nonweapons-related information during inspections.

## Chronology: January 1, 1986–February 15, 1988

### S.-SOVIET ARMS ONTROL NEGOTIATIONS

#### uclear and Space Talks

ound IV: January 16–March 4, 1986
ound V: May 8–June 26, 1986
ound VI: September 18–November 13, 1986
ound VII: January 15–March 6, 1987 (INF continued to March 26)
ound VIII: April 23–December 7, 1987 (INF); May 5–November 23, 1987 (START and defense and space)
ound IX: Began on January 14, 1988

#### onference on Confidence- nd Security-Building Measures nd Disarmament in Europe Multilateral)

ound IX: January 28–March 15, 1986
ound X: April 15–May 23, 1986
ound XI: June 10–July 18, 1986
ound XII: August 19–September 19, 1986—agreement concluded

#### onference on Security nd Cooperation in Europe

irst Round of Followup Conference: November 4–December 20, 1986
econd Round of Followup Conference: January 27–April 11, 1987
hird Round of Followup Conference: May 4–July 31, 1987
ourth Round of Followup Conference: September 22–December 18, 1987
ifth Round of Followup Conference: Began January 22, 1988

#### onference on Disarmament Multilateral)

hemical Weapons Committee Rump Session: January 13–31, 1986
pring Session: February 4–April 25, 1986
ummer Session: June 10–August 29, 1986
hemical Weapons Committee Chairman's Consultations: November 24–December 17, 1986
hemical Weapons Committee Rump Session: January 6–30, 1987
pring Session: February 2–April 30, 1987
Summer Session: June 8–August 26, 1987
Chemical Weapons Committee Rump Session: November 30–December 16, 1987
Chemical Weapons Committee Rump Session: January 11–29, 1988
Spring Session: Began February 2, 1988

#### Mutual and Balanced Force Reductions (Multilateral)

Round 38: January 30–March 20, 1986
Round 39: May 15–July 3, 1986
Round 40: September 25–December 4, 1986
Round 41: January 29–March 19, 1987
Round 42: May 14–July 2, 1987
Round 43: September 24–December 3, 1987
Round 44: January 28–March 17, 1988 (proposed ending date)

#### Nuclear Risk Reduction Centers

Round I: January 13, 1987
Round II: May 3–4, 1987—agreement concluded, *ad referendum*; agreement signed in Washington on September 15, 1987

#### Nuclear Testing

Round I: November 9–20, 1987
Round II: Began on February 15, 1988

### U.S.-SOVIET ARMS CONTROL EXPERT-LEVEL MEETINGS

#### Nuclear and Space Talks

August 11–12, 1986, in Moscow
September 5–6, 1986, in Washington
December 2–5, 1986, in Geneva at the negotiator level

#### Mutual and Balanced Force Reductions Talks

August 6–7, 1986, in Moscow
September 10–11, 1986, in Washington

#### Conference on Confidence- and Security-Building Measures and Disarmament in Europe

August 14–15, 1986, in Stockholm

#### Chemical Weapons Treaty Talks

January 28–February 3, 1986, in Geneva
April 15–25, 1986, in Geneva
July 1–18, 1986, in Geneva
October 28–November 18, 1986, in New York City
February 16–March 5, 1987, in Geneva
July 20–August 7, 1987, in Geneva
November 30–December 17, 1987, in Geneva

#### Biological and Toxin Weapons Convention

March 31–April 15, 1987, in Geneva

#### Chemical Weapons Nonproliferation Discussions

March 5–6, 1986, in Bern
September 4–5, 1986, in Bern
October 7–8, 1987, in Bern

#### Conventional Stability Mandate Consultations (Multilateral)

February 17–April 6, 1987, in Vienna
May 11–July 31, 1987, in Vienna
September 28–December 14, 1987, in Vienna
January 25, 1988, began in Vienna

#### Nuclear Testing

First Session: July 25–August 1, 1986, in Geneva
Second Session: September 4–18, 1986, in Geneva
Third Session: November 13–25, 1986, in Geneva
Fourth Session: January 22, 1987, recessed on February 9, resumed on March 16, concluded on March 20 in Geneva
Fifth Session: May 18–29, 1987, in Geneva
Sixth Session: July 13–20, 1987, in Geneva

#### Nuclear Risk Reduction Centers

May 5–6, 1986, in Geneva
August 25, 1986, in Geneva

#### Nuclear Nonproliferation Talks

December 15–18, 1986, in Washington
July 28–30, 1987, in Moscow
January 11–14, 1988, in Washington

At the Washington summit, President Reagan and General Secretary Gorbachev reaffirmed the need for intensified negotiations toward conclusion of a truly global and verifiable convention encompassing all chemical weapons-capable states. They also agreed on the importance of greater openness and confidence-building measures. The United States is prepared to work constructively with other members of the Conference on Disarmament to resolve outstanding issues.

In addition to treaty discussions, we are working with allies and other friendly countries as well as with the Soviets on preventing the proliferation of chemical weapons. Primarily in response to the continuing use of chemical weapons in the Iran-Iraq war, the United States and 18 other Western industrialized countries have been consulting since 1985 to harmonize export controls on commodities related to chemical weapon production and to develop other mechanisms to curb the illegal use of such weapons and their dangerous spread to other countries. Also, in bilateral discussions with the Soviets on chemical weapon nonproliferation, we have reviewed export controls and political steps to limit the spread and use of chemical weapons.

### Conference on Confidence- and Security-Building Measures and Disarmament in Europe

In September 1986, after almost 3 years of negotiations, the 35-nation Stockholm Conference on Disarmament in Europe adopted a set of concrete measures designed to increase openness and predictability of military activities in Europe. These measures, which are built around NATO proposals, provide for prior notification of certain military activities above a threshold of 13,000 troops or 300 tanks, observation of certain military activities above a threshold of 17,000 troops, and annual forecasts of upcoming notifiable military activities. The accord also contains provisions for onsite air and ground inspections for verification. Although modest in scope, these provisions are the first time the Soviet Union has agreed to inspection on its own territory for verification of an international security accord. The United States is encouraged by the record of implementation to date which generally reflects both the letter and the spirit of the Stockholm document.

On August 30, 1987, the United States—under the terms of the Stockholm document—successfully completed the first-ever onsite inspection of a Soviet military exercise. In September, the United Kingdom inspected an exercise involving Soviet and East German forces in the German Democratic Republic; in October 1987, the Soviets conducted similar inspections of NATO exercises in Turkey and the Federal Republic of Germany (F.R.G.) involving U.S. forces; in November 1987, the German Democratic Republic inspected a F.R.G. military activity; and in February 1988, the United States inspected an exercise in Hungary which involved Hungarian, Czechoslovakian, and Soviet forces. The United States considers the successful conclusion of these inspections an important step in the process of improving openness and building confidence and security in Europe.

### Further Negotiations on Confidence- and Security-Building Measures

At the Vienna CSCE Followup Conference in July 1987, NATO proposed that the 35 CSCE participating countries resume negotiations on confidence- and security-building measures in order to build on and expand the work begun in Stockholm. Warsaw Pact and neutral and nonaligned states also support resumption of these negotiations. However, final agreement to resume such negotiations can only come as part of a balanced outcome to the Vienna CSCE Followup Conference, including significant progress in Eastern-bloc human rights performance.

### Mutual and Balanced Force Reductions

On December 5, 1985, NATO presented at the MBFR negotiations a major initiative designed to meet Eastern concerns. The proposal deferred the Western demand for data agreement on current forces prior to treaty signature. The Soviets had claimed that this Western demand was the primary roadblock to agreement. The proposal also called for a time-limited, first-phase withdrawal from Central Europe of 5,000 U.S. and 11,500 Soviet troops, followed by a 3-year, no-increase commitment by all parties with forces in this zone. During this time, residual force levels would be verified through national technical means, agreed entry/exit points, data exchange, and 30 annual onsite inspections. Thus far, the Soviets have not responded constructively to the Western initiative.

### NATO High-Level Task Force on Conventional Arms Control

This task force presented a report on the direction of NATO's conventional arms control policy to the North Atlantic Council on December 11, 1986. At that meeting, NATO ministers issued the "Brussels declaration," which states NATO's readiness to enter into new negotiations with the Warsaw Pact aimed at establishing a "verifiable, comprehensive and stable balance of conventional forces at lower levels" in the whole of Europe from the Atlantic to the Urals.

### Conventional Stability Talks

NATO began discussions with the Warsaw Pact in February 1987 to develop a mandate for new negotiations on conventional stability in Europe. In July, representatives of NATO presented a draft mandate for negotiations that would directly involve the 23 nations of NATO and the Warsaw Pact and would cover their conventional forces on land from the Atlantic to the Urals. These negotiations would take place within the framework of the CSCE process, but would be autonomous regarding subject matter, participation, and procedures. On December 14, 1987, the negotiators reached preliminary agreement on certain aspects of the mandate. Discussion continues on the remaining issues. We hope to conclude these mandate discussions in 1988 so we can get the new negotiations underway. As with the negotiations on confidence- and security-building measures, our ability to proceed with new conventional stability negotiations depends on the achievement of a balanced outcome to the Vienna CSCE Followup Conference, including progress in Eastern-bloc human rights performance. ■

# urrent Reflections
# n U.S.-Japan Relations

*Gaston J. Sigur, Jr.*

*Address before the Johns Hopkins versity School of Advanced Interna- al Studies—Japan Forum on March 1988. Mr. Sigur is Assistant Secre- for East Asian and Pacific Af- s.*

n always pleased to be able to come ne Johns Hopkins School of Ad- ed International Studies and to e my observations and comments ur policies with so many colleagues friends. It is a special pleasure to ere tonight since this event coin- s with a joint research project on .-Japan relations between students hns Hopkins SAIS and the Inter- onal University of Japan. The joint erence reports of the last few years e well received, and I look forward his year's assessment.

In many ways, this year is a time ansitions. After a successful Janu- visit here with the President, ne Minister Takeshita resumed the k of his new administration in yo. Here in the United States, our presidential election campaign is erway. The transition of administra- s is a good time to reflect on the or issues in U.S.-Japan relations— es, I might quickly add, that tran- id administrations or political ies.

The Reagan Administration has de- d and continues to devote consider- time and attention to relations n Japan. I think the President med it up the best when he said of relationship, "Great care has been en over four decades by political lers on both sides of the Pacific to d and create this gem of friendship ch is of such immense value." The sident went on to say that even the est of friends have differences and t our challenge is to keep trade and merce flowing equitably between peoples.

It is in this context that we must ays bear in mind that the rela- ship between the United States and an is not a single relationship but a of connections—political, defense, mercial, financial, personal. With Japan, our relations go beyond the traditional bilateral levels to shared responsibility for close coordination on broader political and security matters and for the maintenance and improvement of the global economic system and institutions. I would like to highlight the main elements of those relations between Japan and the United States.

### The Defense Relationship

The U.S.-Japan Mutual Security Treaty is the foundation upon which our bilateral relationship rests. The interests of both the United States and Japan—and, indeed, the interests of the West, of which Japan is a part—are well served by it. Our security arrangements with Japan, including the presence of our troops and facilities there, are essential for the peace and security not only of Japan but of the entire Pacific region, including, of course, the United States.

So, as the term "mutual security" implies, we share the benefits, as most will agree. There is, however, growing controversy over sharing the cost of that security. The buzzword around Washington these days is "burden-sharing." And in this time of budget austerity, an important focus of administration as well as congressional concern is—and must be—defense burdensharing. Japan, in particular, has been criticized for taking a "free ride" on defense costs. Is that true? What is Japan contributing to our mutual defense burden?

Japanese defense spending has grown in real terms at a rate of some 5.2% over the past 10 years, significantly higher than that of our NATO allies. Japan's defense budget in 1988, estimated at some $30 billion, will likely be the fifth largest in the world and the second largest of non-nuclear powers, following West Germany. That's an expensive free ride.

Moreover, Japan will contribute $2.5 billion in 1988 for the support and maintenance of U.S. forces in Japan. That comes to about $45,000 per U.S. serviceman stationed there. It is worth noting that in some countries where we have mutual security obligations, we pay the host government for the base arrangements. By contrast, in material terms Japan provides the most generous host-nation support program for U.S. forces we enjoy anywhere. And we have just signed an agreement under which Japan, by 1991, will increase its contribution to combined U.S. forces-Japan labor costs by some $300 million a year.

So is Japan taking its defense burdensharing responsibilities seriously? Of course it is. Can Japan do more? Yes, we believe Japan should and will. We think, for example, Japan can move more quickly to acquire the capabilities to fulfill defensive missions it has set for itself, including protection of its sealanes out to 1,000 nautical miles.

This brings us to an ironic turn of events. Japan, in order to acquire the defense capabilities we wholeheartedly agree with, has decided to buy the American guided-missile destroyer weapons system known as "Aegis." Aegis, by the way—at over a half-billion dollars per system—is certainly no free ride. Yet some of the same Members of Congress who criticize Japan for not spending enough on defense oppose selling Aegis to Japan, citing the sensitive defense technology involved or arguing that we can somehow force Japan to buy not only the Aegis system but also the hull to put it in. We have been sharing sensitive defense technology with Japan for 30 years to our mutual benefit, and the Japanese have an excellent record of protecting that technology. And while the Aegis sale may not directly benefit our shipyards, the sale of each system will provide over 5,000 man-years of U.S. labor in other areas. This issue is illustrative of the misunderstanding surrounding our defense relationship with Japan.

The argument over sensitive technology relates back to the illegal sale of advanced milling machines by the Toshiba Machine Company, which gave the Soviet Union substantially increased production capability for quiet submarine propellers and caused significant harm to our mutual security. The Government of Japan, of course, shares our outrage over that industry diversion to the Soviets. Tokyo has taken several steps, including revision of its export laws, to improve its controls on strategic technology and prevent a repetition of illegal trading activity by Japanese firms. Japan is also working closely with us to strengthen COCOM [Coordinating Committee for Multilateral Security Export Controls], the multilateral forum responsible for controlling strategic technology flows to the Soviet bloc.

Another area where Japan can and should do more is in its contribution to the maintenance of U.S. forces in Japan. As I said earlier, Japan's host-nation support program already is the most generous we have, and we appreciate it. But the fact is that the strong yen has had a dramatic impact on our base expenses. Base worker salaries, fuel for our trucks and aircraft, the electricity bills at our bases, just to mention a few areas, are paid in yen, not dollars—and Japan could assume a larger share of that burden.

### Development Aid and Foreign Policy Cooperation

But burdensharing is not limited purely to defense expenditures, just as our cooperation with Japan is not limited only to the defense relationship. One of the areas in which we cooperate very closely is overseas development aid. Japan now has the second largest foreign aid program in the world, and if current trends continue, Japan will overtake the United States in 1991 as the world's largest aid donor.

Increasingly, Japan provides foreign aid to countries of strategic importance to the West. Japan has substantial development assistance programs in countries like the Philippines, Pakistan, Egypt, Jordan, Oman, Turkey, and Jamaica, which are of special importance to us. Still, we believe Japan could do more in this regard.

Japan also has stepped up its efforts to increase financing to developing countries. In 1986–87, the Japanese Government committed itself to recycle $30 billion over 4 years to LDCs [less developed countries]. This ambitious program, which includes some concessional bilateral lending and cofinancing with multilateral development banks as well as nonconcessional loans, should provide substantial help to middle-income LDCs with heavy debt burdens. In addition, the Japanese Government has stated the recycling will be completely untied, which could benefit U.S. exports to LDCs.

Obviously, defense and foreign aid are not the only areas in which we consult and cooperate closely with Japan. In fact, there is hardly any aspect of foreign policy on which we do not coordinate closely, including issues involving Asia, Africa, Latin America, the Middle East, the United Nations, the Soviet Union, and arms control. And I can say that, across the board, we have found Japan's views to be valuable and geared to Western goals; we have seen our cooperation become increasingly intimate and fruitful.

Much of the consultation to which I refer has occurred for many years between senior officials of the two governments. What is noteworthy about the last several years is that consultations at all political and economic levels have become more numerous, more detailed, and more useful. Frequent summit meetings between the President and the Japanese Prime Minister, semiannual subcabinet economic sessions, and numerous other exchange visits are just a few examples. Obviously, a good part of the conversations between government officials of our two countries concerns bilateral relations, and particularly economic relations. But the leaders have taken up a variety of international topics as well, and the discussions have taken on the character of routine coordination and cooperation. We believe this pattern will continue.

### The Economic Relationship

It is precisely because our defense relationship with Japan is crucial, and because our cooperation with Japan on international matters is so important and cordial, that the economic friction between the two countries is so vexing. The resolution of the trade problems between our two countries is necessary and central to the maintenance of a sound overall relationship.

Let me summarize my analysis of the challenge we face in our economic relations with Japan. With determination and with goals shared by business, government, and citizens, Japan has built an economic structure capable of developing and producing attractive, high-quality products at very competitive prices. In the past, Japan often resorted to "infant industry" protection. That sort of protection, questionable in any event, is no longer defensible. The large Japanese manufacturers have the engineers, the expanding research and development, and ample finance to compete vigorously and successfully at home and abroad in the absence of government protection. There is no more visible evidence of this than the volume of Japan's exports to the United States and to the world. Inefficient industries in Japan, which certainly exist, should restructure or retrench in an environment of open markets. I believe Japan already is on that path and should be encouraged to adhere to it.

### U.S. Trade Policy Toward Japan

One sometimes hears the allegation in Washington that the Administration h no trade policy. That simply is not so. With regard to Japan, we have a polic which addresses both individual trade problems and the structural issues th lie behind our deficit, and it is workin

Before I go into the specifics of just what we are doing, I think we ha to put the trade imbalance into perspective so that we know just what th problems before us are and so we can avoid doing damage to our own self-interests through shortsighted solutions.

The U.S. economy and the economies of our large trading partners are very much interdependent. We do not and cannot, exist in isolation. Our eco omy is particularly closely intertwine with that of Japan. Our two-way trade with Japan in 1987 of $116 billion was our second-largest trading relationshi The United States and Japan together account for some 60% of total OECD [Organization for Economic Cooperati and Development] production.

Not just trade but investment flows tie our two economies. The dire investment position in each other's economies stands at $38 billion and is expanding rapidly. Japanese direct investment in the United States has meant employment for U.S. workers. There are Japanese-owned manufactu ing facilities in 40 U.S. states, employ ing well over 100,000 Americans. Thes investments have increased U.S. productivity, making U.S. products more competitive at home and abroad. We continue to be Japan's largest export market. Although the common wisdon these days is that Japan will not buy U.S. products, the facts do not bear this out. Japan imported $28-billion worth of U.S. products in 1987, far more than any other nation except Ca ada. To put that number into perspective, it is more than we exported to West Germany, France, and Italy combined.

Within this broad economic relationship, the trade imbalance continue as a major problem. Our trade deficit with Japan in 1987 was about $60 billio out of our total global deficit of $172 billion. There is no doubt that the U.S Japan imbalance must be reduced, and soon.

During the past several years, we have developed a firm and consistent set of policies to increase exports to Japan and deal with the trade imbalance. These include:

• Working for the removal of trade riers affecting individual U.S. ducts;

• Working with Japan and other ntries to obtain exchange rates that ect economic fundamentals;

• Encouraging structural adjust- nt in the Japanese economy to atly reduce its reliance on exports growth and to move toward signifi- tly more domestic-led growth;

• Taking action under our trade s, when necessary, to remove re- ctive trade practices; and

• Cooperating with Japan interna- ally to strengthen the world trade tem and promote the success of the trade round.

We have succeeded in opening the anese market in many areas, but too ny import barriers remain. Much k remains to be done, although an now has the lowest average im- t tariffs of any major industrial na- . Because of our efforts, various riers to imports of U.S. fish and fish ducts, tobacco, legal services, and st products have been removed. an is one of the few countries now oving barriers to trade. Apart from thing else, doing so will result in higher standard of living that the anese people have earned.

We should not underestimate the nificance of the changing nature of an's economy. In the past few years, anese policymakers have adopted icies to reorient production and in- tment toward domestic sectors, to rease imports, and to maintain uctural reforms in order to sustain inflationary growth. These policies succeeding as the Japanese econ- y has emerged with vigorous wth, close to 4% in 1987, on the ength of domestic demand. The same nomic results are projected for this r as well. The continued strength of Japanese economy has also made a nificant contribution to sustaining bal economic expansion.

servations

t me add some of my own personal servations on the conduct of our eco- nic relations with Japan. In the rse of the series of intense trade gotiations during my time as as- tant secretary, the U.S. and Jap- se Governments have worked ether to solve problems. Some of the gotiations have been strained at es, but they have been successful, especially in seeking greater market access for U.S. firms in the areas of telecommunications, medical equipment and pharmaceuticals, electronics, forest products, and financial services. Through the talks, Japanese agencies and U.S. agencies have established durable working relationships. The negotiations have been educational for both sides, and the cooperation they have engendered will continue to be essential, given the growing integration of the U.S. and Japanese economies.

In our attempt to deal with the effects of trade on our own industries and with political pressures in the United States, we often forget that other democratic governments must deal with much the same political realities and problems. This is by no means an argument for inaction. Rather, we should keep a sense of proportion in our relations with Japan and our other trading partners when dealing with trade problems. The goal we must strive for, through international trade and investment, is increased prosperity for ourselves and the global economy. Protectionism, therefore, is not the answer to our trade difficulties.

In the present international economy, goods and funds flow easily across borders. Businessmen have many options. If interest rates are high in one country, companies can borrow in another. If the yen appreciates, Japanese businesses are likely to invest in the United States or serve this market from third countries. If we bar imports from one country, we are likely to see shipments from others. To survive in this kind of world, we must look to the fundamentals. We must save and invest, research and innovate. The government must create an environment conducive to these things. But only private individuals and companies can accomplish them.

I think that both Japan and the United States are headed in the right directions. As a result of the yen's appreciation, in volume terms, Japanese exports to the United States are declining, and Japanese imports from the United States are growing. The United States is taking steps to correct counterproductive economic policies of its own. At the same time, the Japanese Government has resolved to alter its economic structure. The United States and Japan are supporting the economic policy coordination process adopted at the Tokyo and Venice economic summits, and market access negotiations on specific products will continue.

In conclusion, I would like to leave with you the message that our current problems, including those in the trade area, should be viewed in the perspective of the fundamentally strong ties between the United States and Japan and of other problems we have addressed and solved over the years. I am confident that, through perseverance and cooperation, the United States and Japan will solve their economic problems in a way that will contribute to increased prosperity in each country and to an ever more solid and productive relationship across the board. This is all the more essential as our relationship continues to expand beyond the bounds of the bilateral and becomes truly global in scope. ■

# Pacific Development and the New Internationalism

*by Richard H. Solomon*

*Address before the Pacific Future Conference in Los Angeles on March 15, 1988. Mr. Solomon is Director of the Policy Planning Staff.*

We live in a time when for many people the words "Pacific" and "future" are nearly synonymous. The nations of the Pacific rim have grasped the technological and economic trends that are transforming our world. They are the pace-setters of a new internationalism that is reshaping our lives and the world order of the 21st century—now little more than a decade away.

• The economic dynamism of the Pacific rim is now a crucial source of growth for the global economy. Japan, of course, has led the way and is now an economic superpower with major global responsibilities, as well as our anchor in East Asia.

• The new centers of economic power and political influence in the Pacific are steadily moving the world

away from the bipolar era of the post-World War II years.

• The struggle for democracy in the Philippines and South Korea reflects a worldwide surge toward more open politics.

• And—of particular concern to those of us involved in foreign policy planning—important changes, now underway among the region's major communist powers, may hold the prospect for a more secure Pacific.

As the 14th Director of the State Department's Policy Planning Staff—whose founding fathers were George Kennan and Paul Nitze—I am keenly aware that for nearly three decades our internationalism remained firmly centered on Europe. It was with Europe—through the Bretton Woods agreements, the Marshall Plan, and NATO—that the structure of the postwar international system was created; a system that, four constructive decades later, has brought us to the edge of a new world.

When the Policy Planning Staff was first established, in the spring of 1947, the Pacific was anything but "pacific." When Americans faced Asia in those days, they saw the newly victorious communist regime in China, the Sino-Soviet alliance, the Korean war, and then—in the 1960s and early 1970s—the war in Vietnam.

Yet, in the past decade, our perspective on the Pacific has changed dramatically: from the challenges of warfare to those of economic competition; from hostile political rivalry to normal relations with former adversaries; from distant countries with esoteric cultures to new partners in a global process of change. We have had to broaden our international outlook to include a dynamic region that increasingly rivals Europe for influence in world affairs.

Our challenge as Americans is to grasp the essence of the trends that are transforming the Pacific and to balance our relations with the region with our continuing commitments to Europe. America is an island continent that links the two great oceans, and we cannot pursue our Pacific interests at the expense of those across the Atlantic, or vice versa.

Nothing illustrates this truth better than the recent arms control treaty on eliminating medium and shorter range nuclear missiles. We made it clear in the course of negotiations with the Soviets that we would not sign an agreement which merely shifted the SS–20s from west of the Urals to the east. We could not tell our allies and friends in the Pacific that the price of greater security for Europe must be greater insecurity for Asia. We could not, and we did not. And we will not do so as we now pursue a much broader arms control agenda, including restraints on strategic and conventional arms, chemical weapons, and the growing global market for high-techology weaponry.

New security challenges, of course, are but one dimension of the new internationalism. I want to take this opportunity to explore with you the other critical challenges we face in the Pacific:

**First**, structural adjustments in a global economy that is being transformed, in part, by new technologies and the challenge of trade imbalances that reflect this transformation;

**Second**, the surge of democracy in the Pacific and the tasks we face in helping the Philippines and South Korea to consolidate their more open political systems;

**Third**, the unique, outward-looking regionalism of the Pacific and problems of linking the region to the global system; and

**Finally**, the security challenges that remain, especially the issue of how to deal with the communist countries as they struggle to keep pace with the market-oriented economies of the Asia-Pacific region.

### Our Economic Future

Let me begin with the Pacific's astounding economic progress. It is not just the production of wealth in the region that has impressed the world. The ability of many "developing" nations to leap-frog from basic industry into the computer age in just one generation has seized our imagination.

Now, as we approach the end of this century, another series of economic transformations is at hand. Let's start with **agricultural production.** Malthus is being stood on his head. The capacity to produce food is not a limiting factor for world population growth. Biotechnology is creating new varieties of pest-, frost-, and drought-resistant crops which are bringing rich harvests to countries heretofore dependent on agricultural imports. And when new agricultural technologies are combined with market-oriented reforms, production increases dramatically.

Take China, for example. Stimulated by Deng Xiaoping's reform program, the most populous nation in th world has increased its agricultural o put by 50% over the last 6 years. Suc developments make ever more costly and futile the agricultural subsidies that are the focus of the current GAT [General Agreement on Tariffs and Trade] round.

Then consider the relationship be tween **new technologies and basic commodities.** Science is changing the marketplace for raw materials by reducing the demand for such basic con modities as copper and steel. Every month seems to bring a new advance the field of superconductivity, which i time could revolutionize the world's en ergy markets. The lesson here is that country's natural resources matter les than its human resources—the scientific skills and entrepreneurial talent its people.

Another trend transforming the world economy is the **globalization o production** processes. In recent year multinational sourcing, manufacturing and marketing have become the rule more than the exception. About 40% U.S. trade, for instance, involves one branch of a firm selling to another branch located in a different country. Today's successful firms source globall use the newest technologies from around the world, and employ fewer but more skilled workers. This means higher level of international economic integration and a market that is globa in scope.

**Communications and informatio advances** are erasing the old distinctions between international and domes tic affairs—blurring the boundaries of the nation-state and giving rise to wha some call the "information age." Domestic issues now rapidly become matters of international interest, and vice versa. Information and knowledge are now readily available to a global scientific community, and a society's openness—or *glasnost*, as the Soviets are discovering—is fundamental to the most advanced levels of economic development.

Business itself has been greatly changed by the emergence of **global financial markets.** Deregulation and the sheer force of technological change have fused the world's financial centers into a global network of tremendous speed and scope. Markets are no longer places but electronic networks. Vast flows of money—estimated at $1 trillion a day—can move rapidly in response to

tical and economic news, as we saw "black" Monday, when the New k, London, Tokyo, and Hong Kong k markets reacted to each other in time.

Finally, **service industries**—partic-ly finance, data processing, soft-e development, engineering, and nagement consulting—have become fastest growing sector for employ-nt. More goods are becoming knowl-e-intensive as they embody these n-technology services. Clearly, a e educated and skilled work force become a prerequisite for economic petitiveness.

These technologically driven trends contributing to a dramatic disper-n of economic power. Over the past ade, a number of Pacific rim nations e graduated from the ranks of the veloping countries" to become ld-class performers in one or an-er technological area. China, for ex-ple, is now commercializing its ce-launch capacity. Computer chips now a major source of foreign ex-nge for Malaysia. And South Korea rapidly become a major global ver in the manufacture of automotive mponents and in ship construction.

The high-growth nations of the ific have benefited more than most n the scientific and technical trends t are changing our world and from openness of the international trad-system. But their future pros-ity—our prosperity—depends on critical and interrelated factors.

**First**, maintaining—indeed, ex-nding—the openness of the global ding system; and

**Second**, dealing with the serious de imbalances which now threaten t system.

A "globalized" American economy ans that we can no longer success-y pursue our national commercial in-ests without considering global nditions and trends. Economic logic l our own well-being argue that the nciple of economic openness must be cornerstone of our international nomic policy. Yet some Americans showing signs of doubt. Just as our nomy is poised for strong export wth and adjustment in our trade ficit, we must not jeopardize our fu-e with short-sighted, protectionist islation under the guise of "fair de."

Instead, we must pursue the course illustrated most clearly by the recently concluded U.S.-Canada free trade agreement. This pioneering accord will eliminate trade barriers between ourselves and our neighbor to the north—both of us Pacific rim countries—and create important new opportunities for growth.

The liberalization of trade to promote global economic expansion is also our goal in the Uruguay Round of multilateral trade negotiations now underway in the GATT. The Uruguay Round is designed to open markets, strengthen existing trading rules, and extend those rules to new areas such as agriculture, services, intellectual property, and investment.

A transition to new relationships among the major players in the global economy is clearly underway. Among the Pacific Basin countries, Japan and the "four tigers" of East Asia now bear a much greater responsibility for the health of the world economy. Their productivity, their income, and their share of world output and trade admit of no other conclusion.

It follows that these countries must now share a commensurate responsibility for maintaining and expanding the openness of the world economy. This means setting realistic exchange rates, restructuring economies to seek growth from domestic markets as well as exports, and lowering outdated barriers to imports.

So that is our first challenge: to retain the open trading system while we work to distribute new responsibilities according to new capabilities and to reduce the imbalances that now threaten us all with destructive protectionism.

### Strengthening Democracy

Our second challenge in the Pacific goes to the very essence of America—our democracy. It used to be said that democracy was a political system appropriate only to the industrialized nations of the West. Yet we see in the Philippines and in South Korea a democratic surge that is the Asian counterpart of the trend that began in Portugal and Spain in the mid-1970s and then spread throughout most of Latin America.

The Pacific nations are also giving us a more profound understanding of the relationship between political openness and economic development. Free markets and democracy go together. After all, what are the ingredients of economic success? A high level of education, an openness to the world, a rational distribution of decisionmaking power, an emphasis on individual initiative, and greater freedom of information and association—these are the building blocks of democracy, as well, and today the idea of democracy is among the most powerful political forces of our time.

The transition to democracy, however, is a difficult and fragile process. The open society has its enemies—from the far left and the far right. It is a process that can be reversed or sabotaged—by political extremism, militarism, first-family corruption, and economic stagnation.

To be specific, in the **Philippines**, financial and security assistance will be essential if the Aquino government is to defeat a persistent communist insurgency, restructure its economy, and set the country on a course toward sustainable and equitable economic growth. Manila will have to do its part by allowing a free market to work and creating the right domestic environment so that the assistance it receives is used effectively. But the free world must be there to support the effort.

In **South Korea**, democracy faces a different challenge. The government and the opposition must learn the give-and-take of a working democratic system. We want the Korean Government to feel confident of our security commitment as it addresses contentious domestic issues in the face of a vicious communist adversary in the north. The South Koreans have a great asset in their strong, dynamic economy, but they will be challenged to continue the process of opening their economy—despite popular resistance—to ensure long-term economic growth.

### Regional Cooperation

The economic and political transformation of the Pacific countries has led to a unique, outward-looking regionalism. This is the third dimension of change in the Pacific. Asians are coming to understand that attempts to isolate their economies—or their political systems—from international influences carry an unacceptably high price. More and more, countries are discovering that there is a premium to be gained from cooperation rather than unilateral action.

Regional and functional groupings are gaining in stature, and international organizations such as the GATT, OECD [Organization for Economic Cooperation and Development], the IMF [International Monetary Fund], the World Bank, and the specialized and technical UN agencies are playing ever greater roles. And regional associations now provide vehicles for a number of countries to exercise broadened influence in global affairs. ASEAN [Association of South East Asian Nations] and the South Pacific Forum are examples of this trend.

• ASEAN efforts on the Cambodia problem, for example, have allowed its members to marshal international support for an end to the Vietnamese occupation.

• In the economic arena, ASEAN as a group has been more effective in such organizations as the GATT than its individual member states would have been otherwise.

• And the South Pacific Forum was instrumental in obtaining a major fisheries treaty with the United States.

These organizations also have a frequently overlooked security dimension. They serve to minimize conflict among members and provide a mechanism for resolving differences. The Philippines and Malaysia have seen it in their interest to submerge territorial disputes in the interest of ASEAN unity. And all the ASEAN states have played a role in providing refuge and support for the displaced people of Indochina.

In the final analysis, these efforts reflect both a high level of regional integration and perhaps an even higher degree of participation in arrangements that transcend the region. Notably, attempts to organize the Pacific Basin along the lines of a NATO or the European Community have failed to take hold. The geographical expanse and political diversity of the region partly account for this fact. But it may also reflect an understanding in the region that the future is being cast in global terms.

### New Security Challenges

This brings us to a fourth dimension of the new internationalism, the security challenges. Nowhere has the transformation been more profound than in Asia. The emergence of the Sino-Soviet conflict in the early 1960s began the transition from a Pacific divided by the communist-capitalist confrontation into an era of diffusion of power among many nations. No one can forecast with certainty where this trend will lead. But the Chinese decision in the early 1970s to normalize relations with the United States has been of profound benefit to both China's security and to regional stability.

The result is that China today is also catching the wave of the future. Under Deng Xiaoping's adaptive leadership, China has worked to open its economy to the world and unbind the energies of the Chinese people from bureaucratic and political restraints. The so-called socialist model of development—whether Stalinist or Maoist—is clearly bankrupt, discredited by domestic experience and the powerful example of development in the noncommunist world.

Now it is Moscow's turn to wrestle with the burden of its Soviet past. Mr. Gorbachev and his reformist comrades clearly see the global trends that are impelling the market-economy states into a new era of growth. And whatever *perestroyka* may finally come to mean, it is clear that a closed, militarized society can only spell economic disaster.

Central to Gorbachev's foreign policy reforms has been a new approach to the Pacific. Speaking in Vladivostok in the summer of 1986, the General Secretary argued for rapprochement with China, a less militant Soviet approach to regional problems, and—above all—Soviet participation in the economic growth of the Pacific Basin.

Yet, nearly 2 years later, the promise of Vladivostok remains unfulfilled. This major Soviet port on the Pacific remains a closed military bastion, and Asians still see the Soviet Union as a threat to their security.

• Despite Gorbachev's call at Vladivostok for a reduction in the Soviet military presence in the region, there have been no significant reductions. With the exception of a showcase troop withdrawal from Mongolia, the Soviet military presence along the Sino-Soviet border and the occupation of Japan's northern islands remain virtually unchanged.

• In Cambodia, Moscow continues to underwrite the Vietnamese military occupation to the tune of hundreds of millions of dollars annually. Despite expressions of support for a diplomatic solution to the conflict, we see no signs that Moscow is willing to put at risk its military access to Cam Ranh Bay in Vietnam by pressuring Hanoi to come to the bargaining table.

And then there are the two com munist recalcitrants in Asia, Vietnar and North Korea—military threats t their neighbors, even as they remain mired in economic stagnation.

• Vietnam's military occupation ( Cambodia, its refusal to negotiate wi Prince Sihanouk, and its strong pres ence in Laos indicate that Hanoi has not yet abandoned its hopes of creati an Indochina federation.

• And North Korea's threat to peace on the Korean Peninsula is undiminished. Pyongyang continues to engage in such vicious acts of state-sponsored terrorism as the bombing South Korea's leadership in Burma in 1983 and the more recent destruction a South Korean civilian airliner on a flight from the Middle East.

Still, there are interesting, if ambiguous, signs of change: in Afghanistan, we are encouraged by Moscow's publicly stated willingness t end its military occupation. But we have to make sure that, in withdrawing, the Soviets do not continue to pr vide arms to their client regime and thus prolong the violence or achieve p litically what they have failed to gain militarily in 8 years of brutal warfare

In present circumstances, our tas is to respond to changes in the comm nist states with caution and prudence while firmly supporting our front-line friends, including Pakistan, South Korea, and Thailand.

Beyond these security issues, the Pacific has begun to experience a particularly troublesome dilemma of our times. Although advanced technology holds tremendous opportunities for ec nomic progress, it also poses great risks to international security. As we see in the Iran-Iraq war, sophisticated weaponry is widely available in the international arms markets.

Asia's emergence as a center of high-technology industries will require its nations to act aggressively to monitor and limit the availability of advanced weaponry. The spread of such arms to regional adversaries or to terrorist networks would be particularly harmful to the international system. Moreover, because many advanced tech nologies have military, as well as commercial, applications, we will have to work together to control the spread of dual-use items and prevent their use by states bent on damaging the international order.

**nclusion**

that is the new internationalism—
opportunities and the challenges—
ve deal with change in the Pacific
the broader transformation of the
rnational system:

- An ever-more integrated, high-
nology global economy, where rapid
wth and the need for restructuring
eatens to produce a protectionist
klash against an open trading
em;
- Popular pressures for more open
tics and the dangers to fragile dem-
atic institutions from the totalitarian
and the authoritarian right;
- The erosion of national bound-
s through instantaneous electronic
munications and through economic
es that are integrating national
nomies into new regional and global
erns; and
- The struggle of the communist
es to become competitive in a world
which market-oriented economies,
trend toward democracy, and inter-
ional associations of free nations are
ling the way into the 21st century.

No one should underestimate the
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ough these changes. Yet, we have
d reason for confidence about the
ure. After all, our challenges are
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ation; of growing prosperity and
ater security for the United States,
allies, and its friends. The chal-
ges play to our strengths.

As Secretary Shultz likes to put it,
e face up to our responsibilities as
l as our opportunities, it is clear
t the democracies of the Pacific rim
d the winning hand. ■

# Indochinese Refugees and Relations With Thailand

*by William A. Brown*

*Statement before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on February 24, 1988. Ambassador Brown is U.S. Ambassador to Thailand.*[1]

I am pleased to be here today to discuss with you the issue of Indochinese refugees and its impact on our important bilateral relationship with Thailand. I realize that the impetus for this hearing is the rapidly evolving situation with regard to Vietnamese boat arrivals on the east coast of Thailand. Nonetheless, one cannot effectively address this specific situation without looking at the broader context of the Indochina refugee issue which affects most of the ASEAN [Association of South East Asian Nations] states as well as our bilateral relationship with Thailand.

### The Refugee Situation in Thailand

The partnership between the international community and Thailand in providing asylum and subsequent resettlement to Indochinese asylum seekers has, in general, been one of the great humanitarian success stories of the past decade. Thailand has provided refuge to nearly 1 million persons who fled Indochina. In turn, the international community has resettled over 575,000 of these refugees in the West. The United States has played the leading role in this effort, resettling over 400,000 refugees out of Thailand.

Yet, despite this resettlement effort, the Thais find themselves still providing refuge to over 400,000 Indochinese refugees and "displaced persons." There is no immediate prospect for the safe return of the 288,000 "displaced Khmer" on the Thai-Cambodian border to their home country. In addition, of the 112,000 asylum seekers in UNHCR [UN High Commissioner for Refugees]-supported camps, nearly 69,000 have been in Thailand more than 3 years.

Furthermore, the Thai see a sudden upsurge of Vietnamese boat arrivals after several years when it appeared that the flow might be under control: 11,245 Vietnamese boat people entered Thai refugee camps in 1987, nearly triple the total of 3,886 boat arrivals in 1986. The Thai Government also acted in 1987 to begin to regularize the status of more than 9,600 Hmong who were illegally residing in Ban Vinai Camp, many of whom had entered Thailand in the last year.

Under these circumstances, it is not surprising that there arose voices in Thailand questioning whether a continuation of the kingdom's generous first asylum policy was in the national interest. The Thai press and public opinion is virtually unanimous in dismissing the new wave of arrivals as "economic migrants" or "opportunists." Some even see in this new flow a deliberate Vietnamese attempt to undermine Thai security, while others worry about the corruption associated with widespread smuggling activities, of which "people smuggling" is only one element.

Whatever the character of this new wave of arrivals, one fact remains clear—the policies of the Government of Vietnam remain the root cause of the continued Indochinese refugee outflow. The sophisticated smuggling operation that moves large numbers of Vietnamese citizens through Cambodia to Thailand could only take place with official tolerance, if not official approval.

Nonetheless, Thailand continued to accept large numbers of refugees in 1987. In addition, the Royal Thai Government took a number of commendable steps, some of them unprecedented, directly responsive to U.S. humanitarian concerns. These included:

- Granting the United States full access to interview and resettle border Khmer with close family members in the United States under the special border humanitarian parole/immigrant visa program;
- Giving the United States access to process the nearly 7,000 "ration card holders" at Khao-i-Dang;
- Opening up access for the Hmong to the refugee screening process by admitting to screening 9,600 Hmong illegally in Thai refugee camps;
- Allowing international access and assistance to the more than 1,500 Nam Pun Hmong, including authorizing their processing for third-country resettlement; and

• Improving protection at the Khmer border displaced persons camps, particularly through the establishment of a legal market at Site Two, the planned replacement of the Thai rangers by a new unit to provide protection to Khmer displaced persons, and authorization for expanded education.

**The Current Problem: Vietnamese Influx Into Thailand**

While the Thais took these significant steps, no solution was found to the difficult problem of the continued influx of Vietnamese boat refugees into Thailand. My Embassy reported to Washington as early as October 1987 that creative new approaches were required to address the Thais' legitimate concerns over the Vietnamese boat inflow in a manner consistent with our own humanitarian concerns.

The problem finally came to a head in January 1988. January marked the third straight month in which boat Vietnamese arrivals were at record highs, not seen in Thailand since 1981. There were almost 6,000 new boat arrivals in the period November 1987-January 1988. Equally important, the vast majority of these new arrivals came via the east coast of Thailand, mostly through the Province of Trat. The passage was not that of the traditional "boat people" who braved long and dangerous trips across the seas from Vietnam to reach the shores of the free countries of Southeast Asia. Instead, these new arrivals came via a sophisticated smuggling network through Cambodia by land and then on a short boat trip to the coast of Trat. Many, indeed most, Thais questioned whether this new group was as deserving of first asylum as the "traditional" boat people.

Faced with these growing pressures, the corruption and the threat to national security posed by smuggling generally between Thailand and Cambodia, the Ministry of Interior acted vigorously to tighten up on admitting refugees to the east coast of Thailand. A meeting chaired by the Interior Ministry in Trat on January 27 resulted in a dramatically new Thai approach designed to deter future east coast boat arrivals. A naval and marine police blockade was set up to turn back boats carrying Vietnamese asylum seekers trying to enter Thai waters from Cambodia. Those Vietnamese who did manage to reach shore were to be pushed off in boats back to Cambodia. Vietnamese already ashore, but not yet in a refugee camp, who were determined to have come to Thailand via a short trip from Cambodia would be heretofore treated as "land Vietnamese" and sent to the Site Two displaced persons camp, as part of an overall tough deterrence policy.

The implementation of this new policy had some tragic consequences. Between 500 and 550 Vietnamese asylum seekers were pushed off Thai shores betwen January 27 and February 11, according to our information and the public statements of local Trat officials. On the basis of second- and third-hand reports, we estimate more than 100 persons have died, primarily from drownings after boats were pushed off but, in one case, from a reported ramming by a Thai fishing vessel of a boat carrying Vietnamese refugees. Over 500 Vietnamese were stranded on islands off the coast of Trat, with no regular source of food, water, or medical care.

Thai policy has been modified in recent days to address some of these problems. The [Thai] National Security Council decided on February 19 to give UNHCR access to the islands off Trat; provide food, water, and medical care under the auspices of local Thai officials; and evacuate medical emergency cases to mainland hospitals. We have reports from Trat that these decisions are being implemented, with refugees being consolidated at several locations to facilitate their care and assistance. Furthermore, there appears to have been a decision made to stop boat pushoffs. The boat interdiction program and policy of sending new arrivals to Site Two remains in effect.

Throughout this situation, the U.S. Embassy has taken action simultaneously on three fronts.

**First,** we moved to deal with the immediate threat to life.

**Second,** we have worked together with the Thai Government and the UNHCR toward a compromise on Vietnamese boat refugee policy consistent with both legitimate Thai national security concerns and our own humanitarian interests.

**Third,** we have proposed ideas that would address the underlying causes of the ever-increasing number of refugee crises that threaten our bilateral relationships with Thailand.

Our first concern was the most basic—the protection of human life. We had advance warning on January 20 of a possible change in Thai boat refugee policy. On the basis of this warning, sought Washington authorization to proach the Thais with our concerns. Through Mr. Victor Tomseth, Count Director for Thailand and Burma wh was visiting Bangkok, we raised this issue on January 25 with Suwit Suthanakul, the Secretary General c the National Security Council—the body charged with formulating Thai refugee policy. The same day, we briefed the Foreign Ministry on our concerns in preparation for the January 27 interagency meeting in Trat which we knew would discuss this issue. We stressed the importance of p serving first asylum and avoiding bo pushoffs.

When the first boat pushoff fron the mainland become known on January 27, my Embassy stepped up its efforts to persuade the Thai Government to maintain a humanitarian pol and avoid actions that could and did lead to loss of life. I personally discussed the matter in separate calls o the highest government officials inclu ing, *inter alia*, Foreign Minister Sidc Interior Minister Prachuab, and the Secretary General in the Prime Minis ter's Office, Prasong. My Deputy Chi of Mission was equally active, calling senior officials at the Interior and Fo eign Ministries, National Security Council, and Supreme Command. My refugee staff maintained its own inte sive contacts with their Thai counterparts.

We also worked closely with UNHCR, as the lead international agency in refugee protection in Thailand. UNHCR was in constant touch with us as it pursued its own intensive dialogue with senior Thai officials.

We did not, however, restrict our efforts to Bangkok. We worked initiall through UNHCR which had a permanent staff in Trat and had been assisting for many months the refugees wh sought first asylum on the east coast. When we learned on February 3 that UNHCR had been denied access to ne Vietnamese arrivals, we decided that more direct Embassy role was appropriate. Our first Embassy/Joint Voluntary Agency team visited the east coa on February 5 for 2 days. By February 9, we had established a 24-hour Embassy presence on the east coast to monitor the situation. That presence has remained continuously to this date.

Our officers on the spot quickly alerted to us an urgent life-threatening situation—the presence of over 400 Vietnamese off the coast of Trat, many without adequate food and water. By February 11, our Embassy team was

on a boat visiting the islands and viding assistance to those refugees located. We continued to go out on ts, providing food and/or cash to food where we went. We also pro- ed our information to the appropri- international agencies and voluntary ups who could provide assistance, uding medical care, on a more sys- atic basis. Our field work played an portant role in advancing a joint rt by private and governmental in- national agencies to provide food and dical assistance to the refugees on islands. The Thai Government has v agreed to a UNHCR-supported re- effort to the islands with UNHCR l local government participation. The bassy team remains in Trat on a 24- ir basis, but our role is now pri- rily monitoring and reporting on the HCR-supported relief effort.

I personally visited Trat on Febru- 21 prior to departing Thailand to end these hearings. Accompanied by Refugee Counselor, Embassy doc- , and Thai- and Vietnamese-speaking cers, I visited over 1,200 Vietnamese ugees in three shelters in Trat. I o overflew by helicopter the islands, serving no groups of refugees not eady identified and receiving as- tance from the UNHCR-supported ief effort.

The shelters we visited were wded, but the Vietnamese were in od condition, and they said they were isfied with their treatment by the ai. Several of the persons I spoke th had reeducation camp experience, th one man having been imprisoned 12 years.

In my talk with the governor of at, I stressed our mutual interest in manitarian treatment of the Viet- mese asylum seekers and expressed r willingness to work with the Thai vernment in dealing with this issue.

Immediate action to deal with the reat to life was, however, only part of e challenge we faced. Working with hai officials and UNHCR, we sought promote a policy that would accom- odate Thai concerns about reducing e refugee flow while preserving first ylum and humanitarian treatment. e worked closely in support of NHCR's proposal to create a holding nter for new Vietnamese boat arriv- s, which would deny the refugees mediate access to resettlement proc- ssing as a means of "humane deter- ence" of new arrivals without pushoffs loss of life. We also pledged to inten- fy our resettlement processing ac- vity at the existing Vietnamese boat

## Thailand—A Profile

### Geography

**Area:** 513,115 sq. km. (198,114 sq. mi.): about the size of Texas. **Cities:** *Capital*—Bangkok (pop. 6 million). *Other cities*—Chiang Mai (155,471), Hat Yai (123,389), Nakon Ratchasima (200,051). **Terrain:** Four general regions—a densely populated central plain watered by the Chao Phraya River system; an eastern plateau bordered on the east by the Mekong River; a mountain range spanning the country in the west and separating the plain and plateau in east-central Thailand; and the southern isthmus joining the land mass with Malaysia. **Climate:** Tropical monsoon.

### People

**Nationality:** *Noun and adjective*—Thai(s). **Population** (1987): 54 million. **Annual growth rate** (1987): Less than 1.6%. **Ethnic groups:** Thai 84%, Chinese 12%, other 4%. **Religions:** Buddhist 95%, Muslim 3%, other 2%. **Languages:** Thai, ethnic, and regional dialects. **Education:** *Years compulsory*—6. *Attendance*—96%. *Literacy*—89%. **Health:** *Infant mortality rate*—45/1,000. *Life expectancy*—64.2 yrs. **Work force** (21.4 million): *Agriculture*—58.9%. *Industry, commerce, and services*—26.3%. *Government*—8.18%.

### Government

**Type:** Constitutional monarchy. **Constitution:** December 1978. **Independence:** Never colonized.

**Branches:** *Executive*—king (chief of state), prime minister (head of government). *Legislative*—bicameral National Assembly. *Judicial*—three levels of courts.

**Administrative subdivisions:** 73 provinces, subdivided into 650 districts.

**Political parties:** Multiparty system; the Communist Party is prohibited.

**Suffrage:** Universal over 20.

**Central government budget:** About $9.4 billion (243 billion baht).

**Defense:** 17.6% of budget.

**Flag:** Two red stripes at top and bottom, two white inner strips, and wider blue band in middle. The blue represents royalty; the white, Buddhism; and the red, "Thailand," which means "land of the free."

### Economy

**GNP** (1986): $40 billion. **Annual growth rate:** 3.4%. **Per capita income:** $771. **Avg. inflation rate:** 4.3%.

**Natural resources:** Tin, rubber, natural gas, timber, fisheries products, tungsten, lignite, zinc.

**Agriculture** (16.7% of GNP): *Products*—rice, corn, sugarcane, manioc. *Land*—24% agricultural.

**Industry** (20.6% of GNP): *Types*—textiles, agricultural processing, wood products, tin and tungsten mining.

**Trade:** *Exports*—$8.802 million: textiles, rice, fish products, rubber, tin, tapioca, shrimp, corn, sugar, precious stones/jewelry. *Major markets*—Japan, EC, US, Singapore, Hong Kong. *Imports*—$9,186 million: petroleum, machinery, food, capital equipment, fertilizer, chemicals. *Major sources*—Japan, EC, US, ASEAN.

**Official exchange rate:** 26.27 baht = US$1.

### Membership in International Organizations

UN and some of its specialized agencies, including the World Bank Group and General Agreement on Tariffs and Trade (GATT); Association of South East Asian Nations (ASEAN); Asian Development Bank; INTELSAT.

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Taken from the *Background Notes* of March 1988, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

refugee camp at Phanat Nikhom to address Thai fears that they had too many boat Vietnamese in their country.

I offered the Thais a comprehensive approach to dealing with the boat refugee problem in a February 19 letter to the Foreign Minister. Drawing on ideas from the Thai Ministry of Interior, the UNHCR, and my Embassy, I presented—with the State Department's concurrence—a six-point plan for resolving the current crisis involving Vietnamese boat arrivals. This plan incorporated not only immediate lifesaving measures but also steps to consolidate the Vietnamese who have landed on islands or are now located in mainland beach shelters. It also incorporated measures to speak to the Thai concern about the buildup of Vietnamese refugees in Phanat Nikhom, to provide incentives for future asylum seekers to use the Orderly Departure Program and, finally, to support UNHCR in the search for durable solutions beyond the traditional resettlement approach. The initial response of the Thai Government to these proposals has been positive.

### Addressing the Underlying Issues in the Refugee Program

The need to address the underlying causes of the refugee dilemma in Southeast Asia forced us to grapple with the most difficult choices. There are, frankly, no easy answers to the dilemma of dealing with the continued flight of persons from Indochina—12 years after the end of the Vietnam war—at a time when other compelling refugee situations are demanding our attention and resources. With the help of my staff, however, I came to the conclusion that the core issues in the current refugee dilemma in Southeast Asia can be most effectively addressed with the following four-point approach.

**One,** exercise U.S. leadership in developing a comprehensive international strategy involving both resettlement and first-asylum countries for dealing with the long-stayer and potential long-stayer refugee population in the region. Such a strategy needs specifically to address the issue of what to do with the growing number of Indochinese asylum seekers who do not qualify under current criteria for third-country resettlement.

**Two,** develop an effective and equitable refugee screening system that ensures first asylum for legitimate refugees while reducing the overall refugee flow to a level which can be handled by the third-country resettlement.

**Three,** continue to reinvigorate the Orderly Departure Program from Vietnam with a particular focus on Amerasian children and former reeducation camp inmates, two groups of special humanitarian concern to the United States.

**Four,** carry out an intensive dialogue with Vietnam on the possibility of repatriation with strict international safeguards of persons prepared to return to their homeland.

### The Broader U.S. Relationship With Thailand

The refugee issue is properly of great concern to this committee, as it is to the people of the United States. It is one of the most important issues in our relationship with Thailand.

If I may, however, I would like to take this opportunity to broaden our focus beyond the particular issue of refugees and relate it to our overall relationship with Thailand. As American Ambassador in Bangkok, I have the responsibility of dealing with the Royal Thai Government simultaneously on a wide range of matters which have an equally great bearing on the security, health, economic well-being, and humanitarian interests of the American people. I refer particularly to the areas of security, narcotics, and trade.

On balance, our relationship with the Thai Government and people in these four areas—refugees, security, narcotics, and trade—has been amicable and has clearly served the interests of both our countries. But it is also true that when difficulties arise in one sphere, the spill-over impact on other dimensions of our relationship is often instantaneous and sometimes severe.

**Security.** Thailand and the United States are joined in mutual defense as treaty allies under the Manila Pact of 1954, a relationship strengthened by the 1962 Rusk-Thanat communique, and security issues are always at the top of our mutual agenda. Thailand fought with the United States and its allies as far back as World War I and as recently as Vietnam. We share with the Thai a deep concern about the growth of the Soviet presence in Southeast Asia, particularly Soviet support for the illegal Vietnamese occupation of Cambodia. Our Thai friends are providing important cooperation in efforts to defend the region and maintain the security of vital shipping lanes.

We are also sensitive to Thai concerns—as a front-line state in the defense of freedom—about the presence of Vietnamese troops on their border with Cambodia and also in Laos. In that connection, let us not forget that Thailand has, until a few days ago, been involved in some very bloody fighting on its border against the forc of a Lao Government which is supported by Vietnam and the U.S.S.R. Last year, it faced Vietnamese Army incursions on its border with Cambodia.

Both our countries take regular steps to nurture our mutually benefici security relationship. Our continuing strong support for Thai security is demonstrated in such areas as the Wai Reserve Stockpile that we jointly are about to establish in Thailand and through our declining, but still significant, security assistance for the modernization of Thai military forces. Our two nations benefit from an active program of joint military exercises, this year numbering more than 30. Thailan is one of a dimishing number of countries that permit us to exercise in thei territory. When adding up the various benefits that the United States derives from this relationship, it is worth noting that, as we meet today, the U.S.S. *Midway* and seven other vessels of the U.S. Seventh Fleet, freshly in from 3 months on station in and near the Persian Gulf, are paying visits to two of their favorite liberty ports, Patthaya Beach and Phuket, and that this year more than 60 other U.S. ships are likely to put in for rest at these two Thai ports.

**Narcotics.** Another issue of the greatest concern to the American people is narcotics. The notorious Golden Triangle—which covers parts of Burma, Laos, and northern Thailand—is the source of a significant percentage of the world's opium and heroin. The Royal Thai Government has committed itself to cooperation in this issue. It has made remarkable strides in eradicating the opium produced within Thai territory and is eradicating marijuana fields wherever they are found. This has not been an easy task as Thai marijuana growers are encouraged by American criminal syndicates. The Thai have welcomed a large DEA [Drug Enforcement Administration] presence in their country to provide technical and investigative cooperation.

The Thai are acting with commendable skill and success. Two weeks ago, Thai antinarcotics forces, with whom

cooperate closely, seized 2,800 nds—more than a ton—of No. 4 her- headed straight for a warehouse r New York City and from there to streets of America. That haul, the gest in history and worth hundreds nillions of dollars, may have ex- ded the total amount of heroin going he United States from the Golden angle during all of 1987. The cooper- on between our two countries that kes such a seizure possible does not ne easy, and I cannot emphasize to strongly enough the value which United States derives from it. It is result of extremely painstaking k and cultivation of good relations ween our two countries at all levels.

**Trade.** Important to the defense of edom and preservation of our shared ues is a healthy economy, and the is have this by and large, although kets of poverty exist in the coun- side, particularly in the populous theast. They have one of the most amic free enterprise economies in world, and it provides a secure in- tment area for the capital of many American company. The United tes takes more of Thailand's man- ctured exports than any other coun- . We are Thailand's most important rket, although our own imports from ailand are dwarfed by our imports m other Asian countries such as ina, Hong Kong, Japan, Taiwan, and uth Korea. In sum, Thailand is hop- to move into the big leagues of in- national trade. With that status ne some problems as the Thai e with textile quotas and other l and perceived evidence of U.S. otectionism."

Visiting congressional delegations ning to Thailand in recent years have ariably stressed to me that they are ting intense heat from their constit- nts about trade issues. The American ple, they tell me, have made it plain t, however they may feel about lim- tions on certain imports into the ited States, they want to see a world free and fair trade for the goods nerica wants to export to the inter- tional marketplace. The Thai have nefited greatly from the openness of U.S. market, and they have a good ord overall of providing access to eir markets as well, but they could do tter. And I do not mind telling them even when I know I am inviting a ture from them on how the U.S. rice mers receive all kinds of benefits as y compete in the world market with unsubsidized, and often im- verished, Thai rice farmers. In this regard, I am bound to report bitter and pervasive resentment at the inclusion of the rice title in the Food Security Act of 1985 and at the failure of the United States to remedy that situation despite its demonstrated adverse effect on Thailand.

**Intellectual Property Rights.** These days, intellectual property rights protection—through copyrights, patents, and trademarks—has become a front-burner issue, and Thailand's mixed performance in that area is of great concern to our government and to sections of the American public who seek to prevent the pirating of their products. Notwithstanding the fact that the United States has not yet signed the Bern convention, we have asked the Thais to amend their copyright law to give us protection similar to what Bern convention signatories enjoy in Thailand. The Royal Thai Government has sponsored legislation to achieve that objective, but—as a coalition government operating in a parliamentary context—support must be cultivated.

The atmospherics on the issue have become quite heated, in an increasingly assertive parliament (inspired by its understanding of the U.S. congressional oversight role) and by a free-wheeling Thai press. At this point, we are optimistic on passage of the copyright bill, but it is difficult to predict with precision where we may be going on the even more sensitive question of patents for pharmaceutical products. For the immediate term there is no doubt that our relations will be subject to strains which, if not dealt with effectively, could threaten long-term harm to the heretofore healthy U.S.-Thai trading relationship.

## Conclusion

U.S.-Thai cooperation on security, narcotics suppression, and trade matters is buttressed by a warm and active people-to-people relationship. That relationship extends to thousands of visitors traveling each year between our two countries, including, most recently, Senators Hollings, Bentsen, and Boschwitz and several separate congressional delegations led by Congresswoman Beverly Byron, as well as Congressmen Rangel, Atkins, McCloskey, Pepper, and Mrazek. There are some 10,000 Thai students in American universities, and thousands of Americans, including businessmen, Peace Corps volunteers, missionaries, etc., who live and work in Thailand, as well as a more or less permanent Thai community in the United States of 300,000 persons.

I have discussed these other facets of the U.S.-Thai relationship today because it is essential to realize that we have a very wide-ranging relationship with Thailand, and the various facets of that relationship are not discrete. Each affects the others. If we can find ways to reach workable and supportive understandings with the Thais over the myriad refugee questions that arise—above all, undertakings which alleviate their burden over the longer term—it will greatly facilitate our task of handling the other issues we face. Conversely, a deterioration of U.S.-Thai understandings and cooperation on refugees could set back our relations along a very wide front, indeed.

Before I respond to questions from your distinguished subcommittee, may I respectfully draw your attention to a feeling which, rightly or wrongly, is currently shared by many Thai at all levels of the government and society. That is, bluntly, that the United States, which has been a long-time friend and to which they look with considerable respect based on many shared values, is overbearing in pressuring them on the refugee issue and does not understand Thai concerns.

In examining recent Thai policy toward Vietnamese seeking first asylum in Thailand—or, indeed, any other contentious issue—it behooves us not to lose sight of the wide breadth and underlying strength of our overall and growing relationship with this ancient kingdom with which we have had friendly relations for 150 years and whose monarch was born 60 years ago in Cambridge, Massachusetts, close to Mr. Atkins' congressional district. I believe the U.S.-Thai relationship epitomizes that which a strong, friendly, balanced, and mutually—let me stress the word ***mutually***—beneficial relationship between two countries should be. Let us all work to keep it that way.

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[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# Secretary Shultz Visits Moscow

*Secretary Shultz departed Washington, D.C., February 19, 1988, to visit Helsinki (February 20–21), Moscow (February 21–23), and Brussels (February 23). He returned to Washington on February 23.*

*Following is the text of the joint U.S.-Soviet statement of February 22.*

Secretary of State George P. Shultz and Foreign Minister Eduard Shevardnadze met in Moscow on February 21–23 for the first of a series of previously agreed meetings. Their discussions, in which Lt. Gen. Colin Powell, Assistant to the President for National Security Affairs, participated, encompassed a detailed review of all aspects of U.S.-Soviet relations. They also initiated discussions to prepare for the summit between President Ronald Reagan and General Secretary M.S. Gorbachev, which will be held in Moscow during the first half of 1988.

Secretary Shultz and Gen. Powell were received by General Secretary Gorbachev and met with Chairman of the Council of Ministers Ryzhkov.

The two sides agreed on the importance of sustained progress in the months ahead across the full range of U.S.-Soviet relations, including arms control, human rights, regional issues, and bilateral affairs. To this end, they gave priority attention to implementation of the agreements and instructions which were set forth by the President and the General Secretary during the Washington summit. To review progress in achieving these objectives and to continue their close coordination of preparations for President Reagan's visit to the U.S.S.R., Secretary Shultz and Foreign Minister Shevardnadze will meet in Washington in March.

In their meetings over the last 2 days, the two sides held a candid and constructive discussion of human rights and humanitarian cases.

They reviewed outstanding questions regarding the nuclear and space talks (NST), nuclear testing, conventional stability, and chemical weapons arms control.

They affirmed the commitment made in the Washington summit joint statement to make an intensive effort to complete a treaty on the reduction and limitation of strategic offensive arms and all integral documents "at the earliest possible date, preferably in time for signature of the treaty during the next meeting of leaders of state in the first half of 1988." The ministers reviewed the entire complex of issues associated with the treaty, with a particular focus on finding mutually acceptable solutions to differences which still remain. Emphasizing the importance of verification, they directed their negotiators to develop, by the time of the March foreign ministers' meeting, a joint draft protocol on inspection; a joint draft protocol on conversion or elimination of strategic offensive arms; and a joint draft memorandum of understanding, which will be integral to the treaty on the reduction and limitation of strategic offensive arms.

Concerning the ABM [Antiballistic Missile Treaty] as discussed during the Washington summit, they also directed their negotiators to work toward an agreement building on the language of the December 10, 1987, joint statement issued by President Reagan and General Secretary Gorbachev.

Noting the progress made in the U.S.-Soviet full-scale, step-by-step negotiations on questions relating to nuclear testing, the ministers instructed their delegations to accelerate work on verification protocols to the U.S.-U.S.S.R. Threshold Test Ban Treaty of 1974 and the Peaceful Nuclear Explosions Treaty of 1976 in order to have draft protocols completed for their review at the next ministerial meeting. The ministers agreed that this reflect the goal established at the Washingto summmit to make it possible for both sides to ratify the two treaties in accordance with their national laws ai practices.

The ministers discussed issues relating to a truly global, comprehensiv and effectively verifiable ban on chemical weapons (CW). They reviewed out standing problems, exchanged views ( ways to build confidence and increase openness, and agreed to study ideas f concrete means for making progress and to intensify negotiations toward conclusion of a convention encompassing all CW-capable states.

There was an exchange of views between the sides on the state of progress in the Vienna talks on a mandate for conventional stability negotiations. This has led to clarification and deeper understanding of their respective positions. The results of these consultatior will be conveyed to the respective negtiators in Vienna to assist in completic of the mandate.

The two ministers conducted a wide-ranging and candid exchange of views on regional questions, including Afghanistan, the Iran-Iraq war, the Middle East peace process, Cambodia, southern Africa, Central America, anc the Korean Peninsula.

The two ministers reviewed the work underway to expand areas of bilateral cooperation between the United States and the Soviet Union. In this regard, they exchanged notes on developing bilateral cooperation in the area of fisheries. ■

# Soviet Foreign Minister Visits Washington

*Soviet Foreign Minister Eduard Shevardnadze visited Washington, D.C., March 21–23, 1988, to meet with President Reagan and Secretary Shultz.*

*Following is the text of the joint U.S.-Soviet statement of March 23, 1988.*

Secretary of State Shultz and Foreign Minister Shevardnadze met in Washington from March 21 to 23, 1988, for the second of a series of meetings to review developments in U.S.-Soviet relations and to prepare for the meetings between President Reagan and General Secretary Gorbachev, which will take place in Moscow from May 29 to June 2, 1988.

President Reagan received the Foreign Minister for a discussion of the state of relations and of objectives in the coming months in arms control, human rights and humanitarian questions, regional affairs, and bilateral matters.

The two sides gave priority attention to implementation of the agreements and understandings recorded in

joint statement issued by the Presi-
nt and the General Secretary in their
shington meeting, as developed fur-
r during Secretary Shultz's visit to
scow in February 1988. Both sides
e worked hard, and some progress
been realized in a number of areas,
much more needs to be done.

By mutual desire, the meetings be-
een the Secretary and the Foreign
nister began with a frank and busi-
slike exchange of human rights and
manitarian questions. The discussion
these issues will continue at the ex-
t level.

The Secretary and the Foreign
nister and their senior experts held
ensive discussions on arms control.

They reaffirmed the strong com-
tment made in the Washington sum-
t joint statement to make an
ensive effort to complete a treaty on
reduction and limitation of strategic
ensive arms and all integral docu-
nts at the earliest possible date,
ferably in time for signature of the
aty during the next meeting of the
o leaders. The ministers reviewed
joint draft texts of a protocol on
pection; a protocol on conversion or
mination of strategic offensive arms;
d a memorandum of understanding,
veloped in accordance with their di-
tive at the February ministerial in
oscow. Reemphasizing their commit-
nt to effective verification measures,
ey agreed that the negotiators in
neva will seek to resolve the remain-
g differences in these documents and
port on progress at the next
nisterial.

The ministers continued their re-
w of the key remaining substantive
ues associated with the treaty, as
ll as a wide range of treaty topics of
terest to each side, including prob-
ms associated with: verification and
unting of nuclear-armed long-range
r-launched cruise missiles (ALCMs);
nitation and verification of nuclear-
med long-range sea-launched cruise
issiles (SLCMs); and mobile intercon-
nental ballistic missiles (ICBMs).
hey also reviewed issues related to
blimits on warheads within the 6,000
vel.

The Secretary and the Foreign
inister also reviewed the progress at
e nuclear and space talks (NST) on
e negotiations regarding the ABM
Antiballistic Missile] Treaty as dis-
ussed at the Washington summit. They
irected their negotiators in Geneva to
xpedite preparation of a joint draft
text of a separate agreement building on the language of the December 10, 1987, joint statement issued by President Reagan and General Secretary Gorbachev, allowing consideration of any unresolved issues at the next meeting of the Secretary and the Foreign Minister in Moscow.

Taking note of further progress in U.S.-Soviet full-scale step-by-step negotiations on issues of nuclear testing and confirming the commitment by the sides to the implementation of the agreed mandate of these negotiations, the ministers instructed their delegations in Geneva in particular to design and conduct as soon as possible the joint verification experiment (JVE) in full conformity with the December 9, 1987, ministerial statement; complete a detailed plan and schedule for the JVE by the April ministerial; prepare a joint draft of the Threshold Test Ban Treaty (TTBT) protocol by the time of the JVE, to be finalized through the conduct and analysis of the JVE; and accelerate work on verification issues for the Peaceful Nuclear Explosions Treaty (PNET).

The two sides reviewed the situation on conventional arms control, with special reference to the mandate negotiations in Vienna, and expressed the hope for their completion in the context of a successful outcome of the Vienna CSCE [Conference on Security and Cooperation in Europe] meeting.

The ministers discussed the ongoing multilateral and bilateral negotiations toward a comprehensive, effectively verifiable, and truly global ban on chemical weapons and instructed their delegations in Geneva to continue working constructively in this direction.

# Romania Renounces MFN Renewal

**DEPARTMENT STATEMENT, FEB. 26, 1988[1]**

The Romanian Government has informed us it has decided to renounce renewal of most-favored-nation (MFN) subject to the terms of the Jackson-Vanik agreement. Therefore, the Administration this year will not exercise the waiver authority under that amendment. The U.S. Government remains firmly committed to the Jackson-Vanik amendment as the law of the land.

Under the Jackson-Vanik amendment, without another annual waiver, Romania's MFN status will expire on July 3, 1988. Therefore, all Romanian products arriving in U.S. ports after July 2, 1988, will be subject to the higher non-MFN duties. In addition, effective July 3, Romania will no longer be eligible for any U.S. Government-supported export credits through such programs as the Commodity Credit Corporation (CCC) or the Export-Import Bank.

Since 1975 Romania has had MFN tariff status under a bilateral commercial agreement, contingent on annual renewal of a waiver provided for by the Jackson-Vanik amendment, Section 402 of the 1974 Trade Act.

We will be consulting with Romanian officials regarding the legal and policy implications for our bilateral commercial agreement of Romania's request. We welcome and reciprocate the Romanian Government's expressed desire to continue to work for better relations, to maintain a broad range of contacts and consultations, and to work to promote trade and economic relations.

The Government of Romania has authoritatively stated to us it will continue to allow emigration for family reunification purposes without relation to economic ties with the United States. We welcome this. It is particularly important because of the continuing intense concern shared by the Administration, the Congress, and the American people with human rights in Romania. This concern will continue to be a central part of the U.S.-Romanian dialogue.

[1]Read to news correspondents by Department deputy spokesman Phyllis Oakley. ■

The Secretary and the Foreign Minister observed a test of the communications link between the Nuclear Risk Reduction Centers established under the Nuclear Risk Reduction Center Agreement signed on September 15, 1987.

The sides held extensive talks on regional questions. They reaffirmed that the goal of the U.S.-Soviet regional dialogue should be to help the parties to regional conflicts find peaceful solutions that advance their independence, freedom, and security, and within this context, reviewed the situation regarding Afghanistan, Central America, Iran-Iraq, the Middle East, southern Africa, Cambodia, and the Korean Peninsula. Contacts and consultations on these issues will continue.

The two sides examined the work underway to expand areas of bilateral cooperation between the United States and the Soviet Union.

To continue their discussions on the wide spectrum of issues in U.S.-Soviet relations and to ensure successful preparations for the Moscow summit, Secretary Shultz and Foreign Minister Shevardnadze agreed to meet again in Moscow from April 21 to 25, 1988, and then again in the middle of May. ■

# Chancellor Kohl Meets With President Reagan

(White House photo by Bill Fitz-Patrick)

*Chancellor Helmut Kohl of the Federal Republic of Germany made an official working visit to Washington, D.C., February 17–19, 1988, to meet with President Reagan and other government officials.*

*Following are remarks made by the President and the Chancellor after their meeting on February 19.*[1]

**President Reagan**

It has been a very great pleasure to meet with Chancellor Kohl again for a friendly and highly useful discussion.

This year marks the 40th anniversary of a series of events that have shaped the destiny of our two countries. In 1948 the United States stepped forward and helped spark the postwar recovery of West Germany and Europe and assisted in starting the constitutional process that created a West German state. In response to S viet challenges, we launched the Ber airlift and aided in laying the founda tion for collective security and the ec nomic integration of Western Europe It was in this crucible of events that the modern relationship between the Federal Republic of Germany and the United States was forged, a relationship that has prospered and many times proven its value to both our countries.

As befits good friends, the Chancellor and I have met regularly since we assumed office. Our discussions re flect the richness of our relationship and the many interests we share. I es pecially benefit from hearing the Cha cellor's views on world problems.

Among the many subjects we dis cussed today was the state of the NATO alliance, including our common defense efforts and arms control strat egy. I thanked the Chancellor for his support throughout the long INF [intermediate-range nuclear forces] ne gotiations and now for the treaty itsel This treaty represents a major politic victory for NATO, a success far beyon what many thought possible. It carrie important lessons on how successfully to negotiate arms reductions with the Soviet Union.

We also reviewed progress on the NATO alliance's next arms control pri orities. These include negotiations toward a 50% reduction in strategic arm a verifiable global ban on chemical weapons, and redressing the serious imbalances in conventional forces in Europe.

We agreed that we must deal with the Soviet Union from a position of realism, strength, and alliance unity. An we agreed that the alliance must maintain both military strength and readiness. These are the underpinnings anc preconditions of any successful dialogu with the Soviet Union. Only a strong West can have a positive influence on the way in which the Soviet Union deals with other countries and with its own people; we know that a weak West ern alliance cannot. The NATO summit meeting early next month will provide an opportunity to continue discussion o these important matters within the alliance as a whole.

The Chancellor and I also discussec economic and trade issues. In particular, I told the Chancellor that I supported the efforts he has made to stimulate the West German economy,

I expressed the hope that he would more. The Chancellor, in turn, wel- ıed our efforts to reduce the U.S. eral deficit. We both agreed on the d to avoid trade protectionism. Pro- ionism would be an economic disas- for both our countries.

In the course of our discussions, we touched on a subject close to both hearts: the city of Berlin and its ve people. We both agreed that they st be included in whatever benefits roved East-West relations may ıg. We look forward to a positive onse to the invitation the Western ers extended last December to the iet Union to join with us in taking s to improve the lives of Berliners.

The Chancellor's visits to Wash- on are always welcome. We will be ng each other again soon at the TO summit in Brussels. And until ı, we do not say goodbye but *viedershen* [until we meet again].

**ıncellor Kohl**[2]

visit to Washington—and this is my h bilateral meeting with President gan—is by all a return visit to the norable visit the President paid to lin and Bonn last June.

The Berlin initiative announced by was one of the points on which we ısed in our conversation. I once in expressed my appreciation and itude to President Reagan for this iative, and I assured him that the eral Republic and the Federal Gov- ment will do all it can in order to ke its contribution toward the suc- s of this initiative.

In the meantime, the three West- protective powers have entered into s with the Soviet Union on this is-, and the President assured me that retary of State Shultz, on the occa- ı of his forthcoming visit to Moscow, make it plain to his Soviet inter- ıtors that Berlin must be included n the very beginning in positive de- opments of West-East relations.

I might take this opportunity to ress my appreciation for [your] hav- issued a proclamation declaring the of October 1987 German-American y. And I may request you to make a permanent feature.

We had intensive exchanges on the sent state of West-East relations. ver in the postwar history has the ited States of America and the So- t Union been engaged in such an ensive dialogue at the highest level as in the last few years. And with the INF agreement, the third summit meeting between you and General Secretary Gorbachev has, for the first time in history, opened the way toward genuine disarmament. And I have seized this opportunity, once again, to express my congratulations to the President on this success—the success which will be your success and which will always be linked with your presidency.

The INF agreement is in the interest of the United States of America; it is in the interest of the Atlantic alliance; and it is, not least, also in the interest of our own country.

Nobody who has objections as far as this agreement is concerned, be it here in Washington or somewhere else in the United States, can point to the Federal Republic of Germany. And that is the reason why yesterday, when I had talks and meetings with the leadership of the Senate, I pleaded in no uncertain terms in favor of the ratification of this agreement without any restricting amendments.

You referred to the present negotiations concerning START [strategic arms reduction talks]. The Government of the Federal Republic of Germany vigorously supports a 50% cut in the strategic offensive potential of either power, because this step is not only in the interest of the United States of America but it would also be in the very real interest of the Federal Republic of Germany and of Western Europe.

We staunchly support a worldwide ban on chemical weapons, and we support the early adoption of a mandate for negotiations on conventional stability in the whole of Europe, from the Atlantic to the Urals.

In accordance with the decisions taken by the alliance in Reykjavik and in Brussels, I have supported the position that, in conjunction with the establishment of a conventional balance and the global elimination of chemical weapons, tangible and verifiable reductions of nuclear systems of shorter range should also be reached, the objective being equal ceilings, no zero resolution, no denuclearized zone—and least of all, in Europe.

We are in agreement that all these disarmament questions and issues, as well as the necessary measures to preserve our common security, should be combined and form an overall concept for our alliance. And we think that the forthcoming NATO summit meeting must be an incentive for that and give new impulses to that effort.

We have agreed that we will remain in bilateral contact as far as all these issues are concerned. And along this line—and the President and I were in complete agreement on that—trust and confidence between West and East must be further developed and intensified, and this would also include the solution of regional conflicts as well as ensuring respect for human rights, particularly so in the countries of the Warsaw Pact.

You have just made the same point, and we are all in agreement that we will be able to face up to the talks ahead of us. And this new phase can be mastered only when we show unity, coherence, and the closest measure of coordination and consultation.

I would like to take this opportunity here to express, as Chancellor of the Federal Republic of Germany, before the American public that we are fully aware of the fact that the Federal Republic of Germany knows that only together, with their allies and only together with the support of all the free nations of Western Europe and the United States of America, will it be possible to attain its legitimate aim of easing, in the interest of the people, the consequences of the division of our country and to make the frontier between East and West more permeable. We are belonging to the West, and that is the way it will be also in the future.

I came here not only in my capacity as Chancellor of the Federal Republic of Germany but also as the Chairman and the President of the European Community. I was able to report to you about the successful conclusion of this summit meeting—the European Community—we had a week ago in Brussels and the measures we agreed upon there, particularly the restriction in the limitation of agricultural production and our commitment to the maintenance and to the support of the common policy favoring continued free trade all over the world—were some of the main positions we have taken there. And I also assured you that we will certainly not adopt a tax on oils and fats.

It has been a reassuring experience in all the visits I paid to you here in the White House, that as far as our commercial relations—transatlantic commercial and economic relations—are concerned, we have always renewed our commitment to the concept of a free trade and to rejection of protectionism; that this is part of the spirit in which we are facing these talks and in which we will be able to live up to the tasks of the future.

Once again, I thank you very much for the extremely friendly atmosphere for our exchanges and for the support I have been receiving from you, from the members of your Cabinet, and the members of your staff. These have been 2 short days I spent here in Washington, but I think these were 2 good days. And I think it is this spirit in which we will go on working also in the future together.

**President Reagan**

Your suggestion during your last visit for a U.S.-German Youth Exchange Council has resulted in the recent establishment of a body of prominent Americans and Germans who have accepted the challenge to expand youth exchanges between our two countries. I fully support the work of this youth exchange council and share your strong personal commitment to advancing mutual understanding, particularly between the younger generations in our two countries. I am, therefore, especially pleased to be able today to exchange with you, in the presence of Director [of the U.S. Information Agency Charles Z.] Wick and Professor Weidenfeld [Werner Weidenfeld, Coordinator of German-American Cooperation], the two coordinators of U.S.-German cooperation, copies of the documents establishing the U.S.-German Youth Exchange Council.

**Chancellor Kohl**

I think what we have just done is more important than anything else we could have possibly done. We discussed the issues, the great international issues, but what we have done here concerns the future. It relates to the next generations, and I think they will form their opinion and their judgment about what we have done by measuring us against this background. And I think they will enable us to live up and to stand up to that measurement if we will be able to go on along this line.

[1]Made in the East Room of the White House (text from Weekly Compilation of Presidential Documents of Feb. 22, 1988).
[2]Chancellor Kohl spoke in German, and his remarks were translated by an interpreter. ■

# Lithuanian Independence Day, 1988

**PROCLAMATION 5772, FEB. 11, 1988[1]**

Seventy years ago, on February 16, 1918, the Lithuanian National Council declared the independence of Lithuania and established the Republic of Lithuania. This restoration of Lithuania's sovereignty was recognized around the world—even by the Soviet Union, in 1920. Lithuania joined the League of Nations in 1921, and for the next two decades Lithuanians enjoyed liberty and self-determination under a government that fostered political and religious freedom for all citizens.

Then, in June 1940, the year after the signing of the Molotov-Ribbentrop Pact, the Soviet Union invaded and illegally occupied Lithuania and the other Baltic States. The United States unequivocally condemned this violation of national sovereignty and national integrity, and ever since then our policy has remained consistent. We have never recognized the forcible incorporation of Lithuania into the Soviet Union, and we never will.

Observance of the anniversary of Lithuania's Declaration of Independence is natural for Americans, who faithfully celebrate our own Independence Day each year. America has long been a beacon of hope to Lithuania, because Americans cherish their self-determination, individual liberty, and independence—the God-given rights the Lithuanian people seek to reclaim in the face of religious and political persecution, forced Russification, and ethnic dilution. It is therefore fitting to show our solidarity with the people of Lithuania.

We join in Lithuania's proud and solemn remembrance of the 70th anniversary of its independence, and together with people the world over we share the spirit and the hope of the Lithuanian people as the commemorate that day. Among the Lith nian people the spirit of liberty remains unbroken—the spirit of a true leader of people, Nijole Sadunaite, whose sacrific for country and conscience continue so rageously to the present day, and who wrote from the Gulag, "Our brief days o earth are not meant for rest, but to par cipate in the struggle for the happiness numerous hearts;" the spirit of the freedom marchers of Vilnius, Lithuania's cap ital, and of Kaunas; the spirit of every t and place where bold sons and daughter remember their heritage and their high ideals.

To demonstrate our common commitment to the cause of freedom, the Congress, by Senate Joint Resolution 39, ha designated February 16, 1988, as "Lithuanian Independence Day" and has authorized and requested the President issue a proclamation in observance of thi day.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby proclaim February 1 1988, as Lithuanian Independence Day. I call upon the people of the United States to observe this day with appropriate cer monies and activities in reaffirmation of their devotion to the just aspirations of peoples for self-determination and libert

In witness whereof, I have hereu set my hand this 11th day of February, ir the year of our Lord nineteen hundred a eighty-eight, and of the Independence of the United States of America the two hu dred and twelfth.

Ronald Reaga

[1]Text from Weekly Compilation of Presidential Documents of Feb. 15, 1988.

# isit of Portuguese Prime Minister

(White House photo by Bill Fitz-Patrick)

*Prime Minister Anibal Cavaco va of the Republic of Portugal made official working visit to Washington, C., February 23–25, 1988, to meet th President Reagan and other gov- ment officials.*

*Following are remarks made by esident Reagan and Prime Minister vaco Silva after their meeting on bruary 24.*[1]

**esident Reagan**

has been a pleasure and an honor for to meet today with Prime Minister vaco Silva on his first official visit to ishington. Portugal is a founding ember of the North Atlantic Treaty ganization, a valuable friend, and an y.

We salute Portugal's impressive ansition to democracy and its continu- g commitment to the collective de- ise of the West. Beyond the shared lues and common interests that link r two countries, the Portuguese- nerican community has made a last- g contribution to American society at we can all appreciate.

Mr. Prime Minister, you and I have st concluded a most useful discussion vering a broad range of international, well as bilateral, issues of impor- nce. Southern Africa, the Middle ast, and Afghanistan were among the pics we covered today, and I am ateful for your advice and counsel.

High also on our list of topics was the agenda for the NATO summit, where we will meet again next week. I listened intently to the Prime Minister's views on East-West issues. I brought him up-to-date on recent developments in U.S.-Soviet relations and our plans for the Moscow summit. Secretary Shultz discussed his meeting with Soviet Foreign Minister Shevardnadze. Prime Minister Cavaco Silva briefed us on Portugal's assessment of the recent European Community summit in Brussels and the current political and economic situation in Portugal.

As our meeting today underscored—while trying to improve relations with adversaries—America still remains strong and unflinching in its commitments to our friends. The core of our foreign policy is our permanent partnership with our fellow democracies in the Atlantic alliance, on which the global balance of power and the cause of freedom so crucially depend. Be assured we will never sacrifice the interests of our allies and friends in any agreement with the Soviet Union.

The people of the United States and the people of Portugal are united with all other free peoples in the cause of freedom and the responsibility of maintaining the peace. The United States and Portugal are doing their part in this historic adventure. We are honored to have such friends.

These are challenging times. From our cordial and candid conversation, I know that we share similar goals and many of the same concerns. Portugal's role as a key and trusted ally is much appreciated here. We applaud Portugal's desire to modernize its armed forces and to play a more active role in NATO's collective defense efforts. Our commitment to assist Portugal in these efforts remains firm, even within the context of the harsh budget realities that we all face. The task of leadership is to rise to that challenge.

I believe from our meeting today, our two governments will accelerate the pace of our extensive cooperation and develop even further the close and mutually beneficial relationship, which has traditionally existed between our two countries.

**Prime Minister Cavaco Silva**[2]

This morning we had the opportunity to have a useful exchange of ideas on the strengthening of the Atlantic alliance in a perspective of peace and security for the Western world, on the relations between our two countries, and, finally, on the international situation. Portugal's and the U.S. positions converge toward the need for firmness and cohesion in the Western world.

I reiterated to President Reagan the Portuguese Government's support of the INF [intermediate-range nuclear forces] agreement and the continuation of the dialogue with the Soviet Union. I expressed my firm belief that Western Europe's defense is not feasible without the U.S. commitment in the framework of NATO. I am sure that, at the next NATO summit meeting which will be held in a few days, we will have the opportunity to restate our common determination to strengthen the Atlantic alliance as a requisite for the preservation of peace and our common values. I informed President Reagan of the conclusions of the last European Council and the prospects for building a united Europe and for Portugal's development and modernization.

In the context of Portugal-U.S.A. relations, I reasserted our desire to maintain a preferential relationship since Portugal, being the U.S. maritime frontier with Europe, is a strategically important ally and wishes to remain a close and reliable ally.

A few differences have emerged regarding the agreement signed between our two countries in 1983, in the context of the defense agreement, which

has bound us since 1951; namely, the legitimate Portuguese expectations regarding assistance levels granted to Portugal by the United States. We approach this subject within the spirit of openness that should guide relations between friends and allies. I stressed the difficulties that will result for Portugal if that assistance were curtailed, particularly at a time when we are committed to the reequipment of our armed forces and trying to modernize the country in an effort that cannot be deferred. I stated to President Reagan that the Portuguese Government intended to request that consultations be held in deterrence of the agreement.

In holding these consultations, we do not have the intention of ceasing or reducing the facilities enjoyed by the United States in Portuguese territory but rather to identify and overcome existing difficulties. As friends and allies, we want to look for solutions that will meet our common interests, so as to ensure a framework of cooperation to strengthen the preferential relations that exist between our two countries.

When we analyzed the international situation, we gave special relevance to the situation in southern Africa, a region where Portugal has important responsibilities to fulfill. I am gratified by the ongoing talks between the U.S. and the Angolan Governments—which are a positive step in the peace process—and by the support provided to Mozambique.

I wish to express my appreciation for the opportunity to meet with you on this occasion which, I am sure, has contributed to strengthen the relations between our two countries, as well as the Atlantic alliance's cohesion.

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[1]Made on the South Portico of the White House (text from Weekly Compilation of Presidential Documents of Feb. 29, 1988).

[2]Prime Minister Cavaco Silva spoke in Portuguese, and his remarks were translated by an interpreter. ■

# Republic of Portugal

## GEOGRAPHY

Portugal is made up of the mainland and the Azores and Madeira Islands. Mainland Portugal is divided into two distinct topographical and climatic regions by the Tagus River, which flows into the Atlantic at Lisbon. North of the Tagus, Portugal is mountainous, with a rainy, moderately cool climate; the south has rolling plains, less rainfall, and a warm climate, particularly in the interior.

The Azores consist of nine rugged, mountainous islands (2,300 sq. km.—888 sq. mi.) of volcanic origin lying 1,300 kilometers (about 800 mi.) west of Lisbon. Their climate is moist and moderate. The regional capital is Ponta Delgada (pop. 35,000) on Sao Miguel Island.

The Madeira Islands, located about 560 kilometers (350 mi.) west of Morocco, are more rugged than the Azores. The archipelago consists of two main islands and many uninhabited islets (790 sq. km.—305 sq. mi.). Mild year-round temperatures attract many tourists.

Portugal's dependency of Macau, on the southern coast of China, is an autonomous entity under Portuguese administration. In April 1987, Portugal and China signed an accord to return Macau to Chinese administration in 1999. The former overseas territory of Goa, on the west coast of the Indian subcontinent, was annexed by India in December 1961. The former colony of Portuguese Timor, the eastern half of Timor Island in the Indian Ocean north of Australia, was annexed by Indonesia in July 1976. Portugal's former overseas territories in Africa—including Angola, the Cape Verde Islands, Guinea-Bissau, Mozambique, and Sao Tome and Principe—achieved independence between September 1974 and November 1975.

## PEOPLE

Portugal's earliest recorded inhabitants, members of an Ibero-Celtic tribe known to Imperial Rome as the *Lusitani* and first mentioned in the second century B.C., have mixed with Germanic, Celtic, Roman, Arabic, and African peoples to form today's relatively homogeneous Portuguese population. Portuguese citizens of black African c scent, who emigrated to Portugal aft decolonization of Portugal's African te ritories, make up the country's only s nificant and distinct minority group b probably number fewer than 100,000.

### Portuguese Culture

Luis Vaz de Camoes (1524–80) is the most famous poet to have written in Portuguese and is a Portuguese national hero. His best-known work is *The Lusiads*, an epic poem in 10 cantos about the discovery by Vasco da Gama of the sea route to India in 1497–98.

The Portuguese concept of *saudade*, or nostalgia mixed with a melancholy acceptance of fate, finds it clearest expression in the songs of *fad* encountered most often in the restaurants of Lisbon's older districts, such a the Alfama.

Portugal is noted for an abundanc of ancient and medieval monuments an buildings, including:

- Pena and Sintra palaces;
- The ex-royal residence of Queluz
- The walled city of Obidos;
- The cathedrals at Batalha and Alcobaca;
- The castle of Sao Jorge in Lisbo
- Roman temple ruins in Evora; an
- The castle of Afonso Henriques i Guimaraes, near Oporto, from which the Portuguese nation was founded.

## HISTORY

Portugal is one of the oldest states in Europe, tracing its modern history to A.D. 1140 when, following a 9-year rebellion against the King of Leon-Castile, Afonso Henriques, the Count of Portugal, became the country's first king. Afonso I. Afonso and his successors expanded their territory southward, capturing Lisbon from the Moors in 1147. The approximate present-day boundaries were secured in 1249 by Afonso III.

By 1337, Portuguese explorers had reached the Canary Islands. Under the inspiration of Prince Henry the Navigator (1394–1460), explorers such as Vasco da Gama, Bartolomeu Dias, and Pedro Alvares Cabral roamed the globe from Brazil to India and Japan. Portugal eventually became a massive colonial empire with territories in Africa and Latin America (Brazil) and outposts in the Far East (East Timor, Macau, Goa).

Dynastic disputes led in 1580 to succession of Philip II of Spain to Portuguese throne. A revolt ended anish hegemony in 1640, and the use of Braganca was established as rtugal's ruling family. Their monhy lasted until the establishment of Portuguese Republic in 1910.

During the next 16 years, intense itical rivalries and economic inbility undermined newly established nocratic institutions. To answer ssing economic difficulties, a mili-y government, which had taken ver in 1926, turned for guidance to rominent university economist, Dr. tonio Salazar. Dr. Salazar, named fi-nce minister in 1928, became prime nister in 1932. For the next 42 years, and his successor, Marcelo Caetano, pointed prime minister in 1968, ruled rtugal as an authoritarian "corporate" te. Unlike most other European ntries, Portugal did not play a com-ant role in World War II. It was a rter member of NATO, joining in 9.

In the early 1960s, wars with in-pendence movements in Portugal's rican territories began to drain labor d wealth from Portugal. Professional satisfaction within the military, cou-d with a growing sense of the futility the African conflicts, led to the for-tion of the clandestine "Armed rces Movement" in 1973.

The downfall of the Portuguese rporate state came on April 25, 1974, hen the Armed Forces Movement ized power in a nearly bloodless coup d established a provisional military vernment.

Gen. Antonio de Spinola was in-lled as president after the coup but signed in September 1974 to protest e growing power exercised by com-nist and leftist forces. He was re-aced by another general, Francisco Costa Gomes, who retained a pro-mmunist, Gen. Vasco dos Santos Gon-lves, as prime minister. On March 11, 75, a rebellion by rightist military of-ers failed, and former President inola fled the country.

On April 25 (now Portugal's na-nal day), the first anniversary of the 74 coup, Portuguese voters chose a nstituent Assembly to draft a con-tution. The vote gave an overwhelm-g majority of 72% to candidates of ree democratic political parties: the cialists (PS), Popular Democrats hich later changed its name to Social emocrats—PSD), and Center Social emocrats (CDS).

The communists and their allies in the Armed Forces Movement attempted to play down their relative lack of popular support (the Communist Party won only 12.5% of the vote) by tightening their hold on the provisional government and by seeking to diminish sharply the role of political parties.

Goncalves resigned under mounting civilian and military pressure, and a new provisional government (the sixth since April 1974) took office in September 1975, led by Adm. Jose Pinheiro de Azevedo.

The political tug-of-war continued until November 25, when left-wing military elements seized control of several strategic military bases, only to surrender peacefully the next day after a determined show of force by loyal units under the direction of Lt. Col. Antonio Ramalho Eanes.

Portugal's new constitution took effect on April 25, 1976, when elections for a parliamentary Assembly of the Republic also were held. In June, Eanes was elected president with 62% of the vote after gaining the support of the three major democratic parties. He chose Mario Soares, whose Socialist Party had won a plurality in the parliamentary elections, to serve as prime minister of Portugal's first democratic government since the 1920s.

Soares' minority socialist government fell in December 1977 and was followed by a succession of short-lived coalition and minority governments until the parliamentary elections of July 19, 1987, when PSD leader Cavaco Silva

led his party to a stunning victory, resulting in the first absolute majority for a single party. The PSD received a slight majority (just over 50%) of the popular vote but won 148 of the 250 seats in parliament (see table). The PS rose slightly to 22% and 60 seats, while the CDS fell to 4% and 4 seats (below the 5 seats necessary to participate in parliament as an organized group), and the PRD plummeted from 18% to 5% with only 7 seats. The communists, running as the new Unitary Democratic Coalition (CDU), dropped to an all-time low of 12% and 31 seats. Mario Soares, who had been elected president in February 1986, consequently invited Prime Minister Cavaco Silva to form a government, the first that appeared likely to complete its 4-year term since the 1974 revolution.

## GOVERNMENT

The April 2, 1976, constitution defines Portugal as a "republic...engaged in the formation of a classless society." Modeled on the Napoleonic Code, the lengthy and detailed document provides strong safeguards for individual civil liberties. After a long debate, the 1976 constitution was revised in 1982. The revision implemented significant changes in the political system. The military was placed under strict civilian control, the Revolutionary Council (a nonelected political watchdog committee with legislative veto powers) was abolished, and the powers of the president were trimmed. In addition, most of the Marxist rhetoric of the original document was excised, signaling a return to greater free enterprise in the economy.

The four main organs of national government are the presidency, the prime minister and Council of Ministers (the government), the Assembly of the Republic (parliament), and the courts.

The president, elected to a 5-year term by direct, universal suffrage, is also commander in chief of the armed forces. Presidential powers include appointing the prime minister and Council of Ministers (in which the president must be guided by the Assembly election results), dismissal of the prime minister, dissolution of the Assembly in order to call early elections, veto over legislation (which may be overridden by the Assembly), and the declaration of states of war or siege.

The president is assisted by an advisory body, the Council of State, which comprises incumbents of six senior civilian offices, any former presidents elected under the 1976 constitution, five members chosen by the Assembly, and five chosen by the president himself.

The government is headed by the presidentially appointed prime minister, who names the Council of Ministers subject to presidential approval. A new government is required to define the broad outlines of its policy in a program and present it to the Assembly for a mandatory period of debate. Failure of the Assembly to reject the program by a majority of deputies confirms the government in office.

The Assembly of the Republic is a unicameral body, composed of 250 deputies elected by direct universal suffrage according to a system of proportional representation. The term of office for deputies is 4 years, unless the president dissolves the Assembly and calls for new elections.

The constitution provides for district and appeals courts, with the national Supreme Court designated as the court of last instance. Military, administrative, and fiscal courts are designated as separate court categories. The constitution also provides for a nine-member Constitutional Tribunal to review the constitutionality of legislation.

The constitution gives substantial autonomy to the locally elected governments of the Azores and Madeira Islands. A regional autonomy statute for the Azores, establishing the Government of the Autonomous Region of the Azores, was promulgated July 25, 1980, and amended in 1987. The Government of the Autonomous Region of Madeira operates under a provisional autonomy statute in effect since 1976.

Finally, the constitution provides for the progressive decentralization of administration, calling for future reorganization on a regional basis. Apart from the Azores and Madeira, the country is currently divided into 18 districts, each headed by a governor appointed by the Minister of Internal Administration.

### Assembly of the Republic July 1987 Election Results

| Party | % Votes | Seats |
|---|---|---|
| PSD | 51.1 | 148 |
| CDS | 4.4 | 4 |
| PS | 22.2 | 60 |
| PCP/CDU | 12.8 | 31 |
| PRD | 4.9 | 7 |

### Principal Government Officials

President of the Portuguese Republic
Mario Soares
Prime Minister—Anibal Cavaco Silva

*Ministers*
Deputy Prime Minister and Defense Minister—Eurico de Melo
Minister of Foreign Affairs—Joao de Deus Pinheiro
Minister of Interior—Jose Silveira Godinho
Minister of Justice and of the Presidency of the Council of State—Fernando Nogueira
Minister of Finance—Miguel Ribeiro Cadilhe

*Armed Forces*
Chief of Staff of the Armed Forces—Gen. Jose Lemos Ferreira
Service Chiefs of Staff—Gen. Jorge da Costa Salazar Braga (army), Adm Antonio Egidio Sousa Leitao (navy), and Gen. Jorge Manuel Br chado de Miranda (air force)

Ambassador to the United States—Jo Bastos

Portugal maintains an embassy in the United States at 2125 Kalorama Road NW., Washington, D.C. 20008 (tel. 202–328–8610); consulates general in New York City, Boston, and San Francisco; consulates in Providence, R.I.; Newark, N.J.; and New Bedford, Mass.; and honorary consulates in Hon olulu, Los Angeles, Houston, New Orleans, Chicago, Philadelphia, Miami, and Waterbury, Conn. The Portuguese National Tourist Office in the United States is located at 548 Fifth Avenue, New York, NY 10036 (tel: 212–354–4403).

## ECONOMY

After nearly a decade of rapid growth, Portugal's economy declined in the mid-1970s due to disruptions after the 1974 revolution and the large influx of refugees from Portugal's former colonies in Africa. This period was characterized by chronic balance-of-payments deficits, followed by an International Monetary Fund (IMF)-supported stabilization plan. Growth resumed in the late 1970s, but structural

oblems and a frequently adverse in-
national economic environment have
tated a "stop-and-go" pattern in
ler to keep balance-of-payments def-
s under control. The current eco-
nic recovery started in mid-1985
er 2 years of recession.

Since 1960, the proportion of the
or force engaged in agriculture has
pped from 42% to 21.6%. Agri-
tural production contributes only
% of the country's gross domestic
oduct (GDP), and the country im-
ts a substantial share of its food as
ll as feed for its animals. The agrar-
reform program, implemented in
south during 1975, resulted in the
nination of many large, privately
ned estates formerly characteristic of
t region, but a 1977 law has led to
return of portions of nationalized
operties to previous owners and the
tribution of other portions among in-
idual tenant farmers.

Industrial employment has risen
m 21% to 34.6% of the labor force
ce 1960. Industry contributes 31.6%
the GDP. Major products are tex-
s, clothing, cork products, electronic
uipment, machinery, steel, woodpulp
l paper, cement, tomato paste,
ned seafood, olive oil, assembled
omobiles, refined petroleum, and
emical products. Portugal also has
ge shipbuilding and repair yards.

The volume of foreign trade in-
ased from $873 million in 1960 to
billion in 1986, with imports total-
$8.8 billion and exports $7.2 billion.
rtugal's main trading partners are
stern Europe and the United States.

Portugal's foreign trade deficit has
ditionally been covered by remit-
ces from Portuguese workers abroad
l by earnings from tourism. The
rld recession in the early 1980s,
ich caused those remittances and
nings to decline, coupled with high
prices, adverse exchange rate rela-
nships, and expansionary domestic
al and monetary policies led again
ring 1980–82 to a deterioration in
rtugal's external accounts. In 1982,
balance-of-payments deficit reached
3 billion, and in 1983, Portugal had
sell $1 billion from its sizable gold
erves.

The government that took office in
e 1983 moved rapidly to implement
eries of short-term corrective meas-
s and to negotiate an 18-month
ndby agreement with the IMF
used on holding down the growth of
nestic credit and foreign indebted-
ness and on reducing public sector and balance-of-payments deficits. The austerity measures and related improvements in Portugal's trade balance succeeded in converting the former balance-of-payments deficit to a $411 million surplus in 1985. The tightening of fiscal and monetary policies, however, led to a sharp recession and a 1.5% GDP decline during 1983–84. Export-led growth resumed in 1985, and the GDP increased 3.3%. Strong export and, later in the year, consumption performance caused the 1986 growth rate to reach 4%. Lower oil and agricultural commodity prices, falling interest rates, and the dollar's depreciation produced in 1986 a balance-of-payments surplus of

## Portugal—A Profile

### Geography

**Area:** 94,276 sq. km. (36,390 sq. mi.), including the Azores and Madeira Islands; about the size of Indiana. **Cities:** *Capital*—Lisbon (pop. 2 million in the metropolitan district). *Other*—Oporto (1.56 million in metropolitan district). **Terrain:** Mountainous in the north; rolling in central south. **Climate:** Maritime temperate.

### People

**Nationality:** *Noun and adjective*—Portuguese (sing. and pl.). **Population** (1986): 9.74 million. **Annual growth rate** (1986): 4.0%. **Ethnic groups:** Homogeneous Mediterranean stock with small black African minority. **Religion:** Roman Catholic 97%. **Language:** Portuguese. **Education:** *Years compulsory*—6. *Attendance*—60%. *Literacy* (1985)—83.3%. **Health:** *Infant mortality rate* (1985)—17.8/1,000. *Life expectancy* (1985)—73 yrs. **Work force** (4.5 million, 1986): *Agriculture*—21.6%. *Industry*—34.6%. *Government, commerce, and services*—43.8%.

### Government

**Type:** Parliamentary democracy. **Constitution:** Entered into effect April 25, 1976; revised October 30, 1982.

**Branches:** *Executive*—president (chief of state), Council of State (presidential advisory body), prime minister (head of government), Council of Ministers. *Legislative*—unicameral Assembly of the Republic (250 deputies). *Judicial*—Supreme Court, district courts, appeals courts, Constitutional Tribunal.

**Major political parties:** Center Social Democratic Party (CDS), Portuguese Communist Party (PCP), Social Democratic Party (PSD), Socialist Party (PS), Democratic Renewal Party (PRD). **Suffrage:** Universal over 18.

**Subdivisions:** 18 districts, 2 autonomous regions, and 1 dependency.

**Central government budget** (1987): $11.3 billion (expenditures).

**Defense** (1987): 2.9% of GDP.

**Flag:** A vertically divided field—one-third green along the staff, two-thirds red; centered on the dividing line is the Portuguese coat of arms encircled in gold.

### Economy

**GDP** (1986): $28.9 billion. **Annual growth rate** (1986): 4.0%. **Per capita income** (1986): $2,970. **Avg. inflation rate** (1986): 11.7%.

**Natural resources:** Fish, cork, tungsten, iron, copper, and uranium ores.

**Agriculture** (9.1% of GDP): *Products*—grains, potatoes, olives, winegrapes, rice, citrus fruits, almonds.

**Industry** (31.6% of GDP): *Types*—textiles, footwear, wood and pulp, paper, cork, metalworking, ore processing, chemicals, fish canning, wine, electronics, automobile assembly.

**Trade** (1986): *Exports*—$7.2 billion: clothing, fabric, pulp, cork manufactures, leather goods, canned vegetables, wines, fish products. *Imports*—$8.8 billion: nonelectrical machinery and appliances, crude oil and petroleum products, sugar, wheat, corn, chemicals, metal manufactures, transport equipment. *Partners*—EC, US, EFTA.

**Official exchange rate** (June 1987): 142 escudos = US$1.

### Membership in International Organizations

UN and its specialized agencies, Council of Europe, NATO, European Community (EC), Organization for Economic Cooperation and Development (OECD), International Energy Agency (IEA), INTELSAT, African Development Bank, African Development Fund.

about $1.1 billion and a budget deficit equal to 9% of GDP, compared to the corresponding 1985 figure of 12%. Inflation, which reached 29.3% in 1984, was reduced to 11.7% in 1986. The Portuguese Government hopes to achieve investment-led growth in 1987, while lowering inflation to 8%–9%. Its policies aim to reduce consumption and credit growth to avoid an inflationary surge and deterioration in Portugal's internal and external balances.

Portugal is a member of the Organization for Economic Cooperation and Development and COCOM. It joined the European Community (EC) in January 1986. Transition periods to bring most Portuguese agricultural prices and import charges in line with those of other EC countries and liberalize capital movements generally end in the early 1990s. The sizable amount of EC structural adjustment assistance already received and expected in the future will help the Portuguese Government carry out its plans to modernize industry and agriculture.

Portugal's economic system has changed profoundly since the 1974 revolution. Financial and commercial relations with former colonies have declined in importance. The large industrial-financial groups that once controlled much of the economy have been dismantled.

Most or all Portuguese-owned firms in the following sectors were nationalized in 1974 and 1975: banks, insurance, airlines, railways, electricity, oil, gas, petrochemicals, cement, breweries, tobacco, woodpulp, steel, shipping, urban transit, and shipyards. Many other companies, although not nationalized, are under government control. Some eventually may be returned to their owners. Foreign-owned firms were exempted by statute from nationalization. Since 1979, Portuguese governments have sought to expand the scope for private enterprise and foreign investment in the economy. Constitutional revision in 1982 resulted in modification of many of the socialist features of the 1976 constitution and set the stage for legislation that opened up several sectors, including banking, which had previously been off limits to private enterprise. Since 1984, six foreign banks (including three from the United States) and four Portuguese private banks have begun operations. Portugal's foreign investment legislation was liberalized considerably in 1986. The liberalization's major effect was to streamline the process of seeking government approval of foreign investment proposals in Portugal. Investment proposals from EC countries and, in practice, those from other countries, are generally approved on a pro forma basis by the Portuguese Government's foreign investment institute.

Labor unions—before the revolution mainly instruments of government policy—have become active, independent agents. Two major labor confederations have emerged. The oldest, the General Confederation of Portuguese Workers (CGTP-Intersindical), is communist controlled. In January 1979, the General Union of Workers (UGT) was formed. This confederation of unions is viewed as the democratic alternative to, and has grown to about the same size as, the CGTP. The UGT has become a major force in the Portuguese labor movement and has gained international respect.

## FOREIGN RELATIONS

Portugal's foreign policy reflects its geographic, cultural, and historic roots in the Western community and the determination of its post-1974 elected governments to reinforce those bonds and the democratic values they help sustain. Portugal took a major step in that direction by formally entering the European Community in January 1986. The government continues to give high priority to integrating Portugal successfully into the Community, and Portugal holds a broad range of new opportunities and responsibilities as an EC member. A charter member of NATO, Portugal is seeking to modernize and convert its armed forces from their colonial-era configuration in order that they may play an increased role in alliance defense.

Five centuries of exploration and colonizing activity have bequeathed Portugal a significant legacy of ties to the Third World, particularly in Africa. Since granting independence to the former overseas territories of Angola, Mozambique, Cape Verde, Guinea-Bissau, and Sao Tome and Principe, the Portuguese Government has made major efforts to maintain and strengthen diplomatic, economic, and aid linkages with the governments of these nations. In recent years, Portugal also has sought to broaden diplomatic contact with moderate Arab states in order t lay the basis for expanded economic and commercial relations. At the sam time, the Portuguese Government ha maintained relations with Israel at th ambassadorial level.

Following the 1974 revolution, Portugal opened relations with the Soviet Union and East European com munist regimes. Trade and cultural e changes, however, remain at a low leve As a NATO and EC member, Portuga approaches East-West issues in the framework of its own strong political, economic, and military ties to Wester Europe.

Portugal continues to administer the small overseas territory of Macau near Hong Kong. Portugal and China concluded an agreement on April 13, 1987, to return the territory to Chines rule in 1999. The interim period is intended to permit a smooth transitio

A dispute with Indonesia over the status of Portuguese East Timor resulted in a diplomatic break on December 7, 1975, and Indonesia annexe East Timor in July 1976. Portugal doe not recognize the annexation as representing an act of self-determination by the East Timorese and has contested the Indonesian action in international fora. In 1982, the UN General Assembly asked the UN Secretary General t consult with both governments in an effort to resolve the issue. Portugal ar Indonesia subsequently have conducte discussions under the auspices of the Secretary General.

Well over 2 million Portuguese reside in Europe, Africa, and the Western Hemisphere as permanent emigrants or—particularly in the case of Western Europe—as temporary workers. Through cultural and educational programs as well as diplomatic efforts, Portugal seeks to maintain ties to these emigrant communities and to support efforts by emigrant workers to secure adequate social benefits from their host countries.

## S.-PORTUGUESE RELATIONS

lateral ties date from the earliest ers of the United States. On Febru- 21, 1791, President George Wash- ton opened formal diplomatic itions between the two countries, ning Col. David Humphreys as U.S. hister. Portugal's history of looking ward on the Atlantic, rather than ard continental Europe, and the S. position as an Atlantic power e long brought the two nations into se contact. Emigration has furthered s relationship, and sizable Portu- se communities in the United States resent a strong cultural bond.

The United States encourages a ble and democratic Portugal that is sely associated with the industrial nocracies of Western Europe and TO. Portugal's nearly bloodless tran- on from authoritarian rule to con- utional democracy during 1974–76, exclusion of communists from its liamentary governments, and its ellent human rights record dem- strate the commitment of the rtuguese to democratic values. The ited States has supported Portugal's cessful entry into the West Euro- an economic and defense mainstream.

### S. Economic d Developmental Aid

ice 1975, U.S. economic assistance to rtugal administered by the Agency International Development (AID) s included a $300-million balance- payments loan, project loans and ants, including technical assistance l training totaling more than $109 llion, $207 million in food assistance ns under the PL 480 (Title I) pro- am, $339 million in cash grants for onomic and social development in pport of U.S.-Portuguese security co- eration agreements, and $43.5 million grants for refugee assistance. Also, ) million in housing investment loan arantees has been authorized with other $25 million programmed.

The United States provided imme- te assistance in the wake of a cata- ophic earthquake in the Azores on uary 1, 1980. Emergency supplies l services, funded by AID, were pro- ed, and $10 million in grant aid for onstruction assistance was later de available. Voluntary efforts by S. forces stationed on Terceira Island o were significant.

From the cash grants provided by the United States, the Portuguese Government has contributed nearly $100 million to endow the Luso-American Development Foundation. The foundation was created in 1985 to support Portugal's economic and social development by promoting cooperation between Portugal and the United States in the scientific, technical, cultural, educational, commercial, and entrepreneurial fields. By the end of 1986, the foundation had approved 138 projects.

### DEFENSE

The United States, together with other NATO allies, provides assistance in the form of modern equipment and training to support efforts by the Portuguese Armed Forces to increase their participation in NATO defense. U.S. assistance has been used by Portugal to acquire two squadrons totaling 50 A–7P aircraft, as well as equipment for the Portuguese Army's NATO brigade, committed in a reserve capacity to an operational theater in Italy. The Portuguese Government hopes to complete its squadron of C–130Hs, a total of nine aircraft, through U.S. assistance. In addition, Portugal has moved to modernize its antisubmarine warfare capability in the Atlantic by ordering three new frigates with NATO assistance. The Portuguese Air Force has also purchased six P–3B aircraft that will be modified to a P–3P configuration for antisubmarine warfare missions.

A 1951 bilateral defense agreement provides for U.S. Air Force and Navy access to the Portuguese air base at Lajes in the Azores. Under extensions to the 1951 agreement signed in June 1979 and December 1983, the United States has provided Portugal $200 million in grant economic support funds during FY 1980–85, most of which has been devoted to the economic and social development of the Azores. The United States also is continuing to provide Portugal with both military assistance program grants and foreign military sales credits (see table p. 7). In addition to access to Lajes, Portugal agreed, by an exchange of notes in March 1984, to installation of a U.S. satellite observation facility in southern Portugal.

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Taken from the *Background Notes* of November 1987, published by the Bureau of Public Affairs, Department of State. Editor: Juanita Adams. ■

## U.S. Economic Assistance

*($millions)*

| FY | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|
| Economic Support Funds | 20 | 40 | 80 | 77 | 64.8 |
| Commodity Credits (CCC)–GSM–102 | 550 | 441 | 447 | 310 | 115 |
| Blended Credits | 70 | – | – | – | – |

Blended Credits—GSM–5 and GSM–102.

The figure 115 for Commodity Credits (CCC) for FY 1987—total available—none has been used as of August 1987.

## U.S. Defense Assistance

*($millions)*

| FY | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|
| Military Assistance Program (grant) | 20 | 37.5 | 60 | 70 | 67.0 | 80 |
| International Military Education and Training Program (grant) | 2.4 | 2.1 | 2.9 | 2.9 | 2.3 | 2.6 |
| Foreign Military Sales Credits (loan) | 45 | 52.5 | 45 | 55 | 43.1 | 0 |

# Human Rights and Change in Eastern Europe

*by John C. Whitehead*

*Address before the International Human Rights Forum sponsored by the New York Academy of Sciences in New York City on February 26, 1988. Mr. Whitehead is Deputy Secretary of State.*

I am delighted to be here this morning to talk to you about a subject of keen interest to all of us—human rights. It has been and will continue to be a fundamental tenet of our foreign policy. Within the State Department, we have a special bureau—the Bureau of Human Rights and Humanitarian Affairs—to focus this concern in our dealings with other countries. Secretary Shultz has given me the special responsibility of spearheading the efforts on human rights and Eastern Europe. Human rights is an integral element of our policy toward Eastern Europe.

### Differentiation and the Process of Change

Over the last 18 months, I have been engaged in a process of differentiation. It has been my goal to take a close look at the countries of Eastern Europe as separate nations within the world community and not simply view them as members of a monolithic bloc with unwavering political, economic, and military ties to the Soviet Union. While we can never forget the threat that the Warsaw Pact poses for us and our allies, we must also remember that Eastern Europe consists of a collection of disparate nations of central Europe, culturally, linguistically, and historically very distinct from each other and from the Soviet Union. As my fourth trip through the region earlier this month again made clear, while all are dominated by communist governments, they are remarkably differentiated in the level of freedom they allow their people and how they have reacted to Gorbachev's "*glasnost*" and reformist policies.

While the press and public opinion have concentrated on changes taking place in the Soviet Union and on the recent signing of the INF [Intermediate-Range Nuclear Forces] Treaty, the winds of change have also begun to blow again with differing intensity through Eastern Europe. This is a result of several factors. First and foremost, as in the Soviet Union, economic stagnation has led the leaders in most of Eastern Europe to introduce economic reforms designed to revitalize their ailing economies. Some have begun once more to explore the possibilities for economic advancement through expanded links with the West, including financial credits, heightened trade, and the transfer of technology. This has created an opportunity for the United States to push its human rights agenda in Eastern Europe with positive effect.

A second factor is Gorbachev himself. He has endorsed economic reforms and, as a result, put conservatives in Eastern Europe on the defensive. Reformers within the communist parties of Eastern Europe can now look east to Gorbachev for support, a situation radically different from that of only a year or two ago. Now, the East European countries are behind the curve when compared with the Soviet Union. This fact has enormous significance for the outlook for change in these six countries.

A third factor is generational. The old-line communist leaders, many of whom came to power soon after World War II, must now think about the transfer of power to a new generation that is less ideological, hence more open to economic reform.

### Bilateral Relations and Human Rights

Our relations with the countries of Eastern Europe have long been conditioned by human rights concerns. We have always condemned policies and internal regulations which keep families apart, prevent people from practicing their religious beliefs, or incarcerate them for what they think. Our respect for the basic human freedoms to which every person is entitled has always guided our policy toward countries which do not respect those freedoms. This policy remains unchanged. Trade relations, technology transfer, most-favored-nation (MFN) tariff status, scientific and cultural exchanges, all depend in whole or in part on human rights practices in these countries.

As a concrete example, consider MFN. Currently, Romania, Poland, a Hungary have MFN status. Romania human rights record has shown no im provement over the last year. As a re sult, its MFN status, subject to annu review under U.S. law, is in serious jeopardy. Poland had most-favored-nation status restored just over a yea ago, a recommendation I made after my first visit, based on significant im provements in its human rights recor and the steps it has taken toward gen ine national reconciliation in the past 2–3 years. Hungary continues to enjo MFN because it does not impose discriminatory emigration rules on its mi nority citizens and because it continue to pursue reform.

One of the central goals of my trip to Eastern Europe has been quietly and persistently to tie improvement in our political and economic relations to improvement in their human rights pe formance. The U.S. commitment to hu man rights does not depend on who si in the White House. Nor can this com mitment be turned aside by claims tha we are interfering in the domestic affairs of sovereign nations when we crit cize the human rights performance in other countries, a claim I hear all too frequently. As I point out to leaders around the world, the Universal Decla ration of Human Rights of 1948 and, in the case of Eastern Europe, the Helsinki Final Act of 1975 provide a se of international norms to which all signatory nations are bound.

By way of detailing how our huma rights concerns affect our foreign polic in Eastern Europe, let me turn to a description of my recent trip. I visited Poland, Bulgaria, Romania, and Czechoslovakia this month. The goal of my trip was to assess progress we have made in these countries over the past year in our step-by-step process—the means we use to link improved relation to demonstrated progress—and to gauge where we go from here.

### Poland

Overall relations, at a very low point only a few years ago, have expanded considerably. This was my second trip to Poland in just over a year. I met with Chairman of the Council of State General Jaruzelski, Archbishop Dabrowski, and Solidarity leader Lech Walesa. My conversations were direct, substantive, and useful.

A major reason for our reengagement with the Polish Government is improvement in human rights there. The

ınesty of political prisoners in Sep-
mber 1986 has, in essence, held; pass-
rt issuance policies have been liber-
zed; and an independent journal has
ceived permission to publish. There is
o a sincere effort to institute eco-
mic reform. We welcome this as a
cessary element in improving the lot
the Polish people and in increasing
land's economic—and political—
lependence.

As a result of these improvements,
signed a civil aviation agreement,
scussed our recent agreement to pro-
le up to $10 million to the Catholic
ırch's Agricultural Foundation Rural
ıter Supply Project through Catholic
lief Services, and initiated a dialogue
ways of combatting drug trafficking.
ırlier this month, the first meeting in
me years of the U.S.-Polish Joint
ade Commission was held. And I ex-
nded an invitation from Secretary
ultz to Foreign Minister Orzechowski
visit the United States.

Yet much remains to be done. The
ıde union Solidarity is still banned,
d opposition figures are harassed.
ıe government must achieve genuine
tional reconciliation if economic re-
rms are to succeed. I told the Poles
support their efforts at meaningful
onomic reform and are very inter-
ted in their bid for a sound standby
reement with the International Mon-
ary Fund. I also told them the Polish
ıdership will have to win support for
reforms from the broad spectrum of
lish society before any measures can
ally be effective. Walesa told me Soli-
ırity is ready to give that support but
at it must be consulted by the gov-
nment. And Archbishop Dabrowski
nfirmed that the church is ready to
cilitate such a dialogue.

Poland constitutes our greatest
ıccess in the step-by-step approach.
elations have improved to the benefit
the American as well as the Polish
ople. We both agree our bilateral re-
tions are ready to move to a "higher
age." We will continue to develop and
encourage both an improved human
ghts atmosphere and economic re-
talization in Poland.

### ulgaria

found a surprising degree of progress
Bulgaria. The government has em-
ırked on an ambitious economic re-
rm program and clearly desires to
ain greater access to the world econ-
ny. Far-reaching steps have yet to be
ken, but they have developed an im-
ressive, reasonable reform program
hich, if successful, will establish a market economy and banking system. The energetic President Zhivkov has entrusted this program to a number of bright young Bulgarians who seem committed to change. I assured them the United States was ready to help but that their human rights record would have to show improvement.

In 1984, the Bulgarian Government began forcibly assimilating the 600,000–900,000 ethnic Turks (almost 10% of Bulgaria's population) by compelling them to abandon their Turkish and Muslim names and adopt Bulgarian and Christian ones, often at gunpoint. In my conversations with President Zhivkov and other government leaders, I discussed at length our human rights concerns, especially the disturbing plight of the Turkish minority in Bulgaria and divided family cases. We have been getting good results on those cases. I was encouraged to find Zhivkov was more open to discussing the Turkish minority situation than last year. He talked about the possibility of resettlement and a visit to ethnic Turks in their villages by an impartial multinational investigative group. We have a long way to go, but I believe we opened the door to further progress.

### Romania

U.S.-Romanian relations have deteriorated over the last year. President Ceausescu was unwilling to acknowledge the importance we attach to human rights as a key part of our bilateral relations. I made clear to him, privately and publicly during my departure press statement, that I was disappointed by what I saw. The chances of renewal of Romania's MFN status are less than fifty-fifty as a result. MFN has provided a well-established forum for measuring human rights progress in Romania. Its renewal has been harder to achieve as the internal situation has deteriorated.

I saw and experienced firsthand evidence of Romania's human rights problems. Militia men followed my every movement by car or by foot. Several of those invited to a reception our ambassador hosted in my honor were harassed by the police and were able to gain access to the reception only with considerable difficulty. Others were prevented from coming at all. At least one well-known figure was kept under house arrest to prevent any contact during my visit. This was in notable contrast to the situation in Poland, for example, where I met with Lech Walesa and other Solidarity leaders at the ambassador's residence without interference.

The economic situation in Romania is bleak, yet no efforts have been made to introduce meaningful reform. The leadership, fixed on a draconian campaign to reduce foreign debt, is either unaware of or unmoved by the growing economic chaos which has caused severe deprivation to Romanian citizens and families, including a severe shortage of basic foods and limited heat, light, and hot water. When public frustration with this situation erupted last November in the city of Brasov, the government responded with numerous arrests. The one bright spot is that the Romanians clearly signaled their continued interest in maintaining relations, regardless of MFN status. We will continue to link those relations to progress in human rights in Romania.

### Czechoslovakia

I received mixed signals in Czechoslovakia. There, too, our relations have expanded, in part due to some marginal improvement on the human rights front. Over the last year, we signed a new civil aviation agreement, brought into force a new consular convention, and held three sessions of the joint bilateral working groups on humanitarian affairs and business facilitation. We also expanded exchanges in the fields of education and culture. Our low level of trade is an area where I believe there is potential to improve our relations.

I was struck by an improvement in the overall environment—dissidents and government officials attended the same reception held by our ambassador in Bratislava, in sharp contrast to the discreet meeting I had with Charter '77 members in Prague a year ago, but severe human rights violations still continue in Czechoslovakia. I told President Husak, Foreign Minister Chnoupek, and others that we need to see tangible and real progress in the areas of freedom of religion, freedom of assembly, the release of political prisoners, and relaxed emigration rules and procedures. I offered to stop talking about human rights, but only at the expense of severely limiting future improvement of our relations. President Husak assured me they wanted to keep human rights on our bilateral agenda.

There is potential for progress in Czechoslovakia. Some divided family cases have been resolved, but others remain. Negotiations are now taking place between the Czechoslovak Government and the Vatican on the question of filling some of the openings for

bishop that now exist in the country. These negotiations are a faint beginning toward the free exercise of religion. I made it clear that once there is significant and genuine progress in all of these areas, Czechoslovakia will qualify for the MFN status it seeks.

### Objectives of U.S. Policy

The United States forcefully projects its human rights policy in Eastern Europe and will continue to do so. The logical question is: what do we hope to achieve? In practical terms, the answer varies according to the country. We realize that human rights problems in Eastern Europe are not going to disappear overnight. But talk of change is starting to be reflected in changed policies.

In our human rights dealings with Eastern Europe, therefore, we seek to gain as much as we can, through steady, incremental improvement to push these systems as far as we can get them to go at the moment. We look for greater freedom for the peoples of Eastern Europe to express themselves, to assemble, to believe as their consciences guide them. We seek to influence their governments to be more sensitive to national aspirations and more willing to respect human and political rights and fundamental freedoms. As these East European governments respond, we are willing to increase trade and the whole range of relations with them. We believe this ultimately benefits the people of these countries, as well as ourselves, through economic betterment and a more Western orientation.

As I said a few minutes ago, change is in the air in Eastern Europe. Much of the impetus for change is coming from the Soviet Union, but more importantly, much of it is self-generated. Most leaders in Eastern Europe now clearly recognize the need for economic reforms that in turn may be the genesis for liberalization in other areas. U.S. policy is firmly committed to a step-by-step process to promote change in Eastern Europe which, in the long run, will benefit us all. ■

# A Statement for Palestinians

*Secretary Shultz's statement made at the American Colony Hotel in East Jerusalem on February 26, 1988.*[1]

I have a statement for Palestinians. Palestinian participation is essential to success in the peace process. I had hoped to carry this message to East Jerusalem this evening and to hear firsthand from leading Palestinians about your aspirations and your point of view. Peacemaking is difficult. Peace has its enemies. Even small steps toward peace can be significant in moving beyond mistrust and hatred. In a small way, I wanted to do that this evening.

All the peoples of this land need to be able to look to a future of dignity, security, and prosperity. New respect for rights and new readiness for political change must replace old recrimination and distrust.

The United States is for positive and rapid change. Fundamental considerations guide our approach.

**First**, Palestinians and Israelis must deal differently with one another. Palestinians must achieve control over political and economic decisions that affect their lives. Palestinians must be active participants in negotiations to determine their future. Legitimate Palestinian rights can be achieved in a manner which protects Israeli security. Israeli security and Palestinian security are necessary conditions for a better future for Palestinians, as well as for Israelis.

**Second**, these moves must be part of a broader effort to reach a comprehensive settlement. Israel and the occupied territories do not exist in isolation. Jordan, Syria, Lebanon, and Palestinians living outside the territories have concerns which need to be resolved. In moving toward a comprehensive settlement, Resolutions 242 and 338, in their entirety, must be the basis for negotiations.

**Third**, what we are seeking must be achieved through negotiations. Negotiations work. Negotiations produce agreements which meet the fundamental concerns of all parties. Experience shows you that you can have an agreement with Israel, and it will be kept by Israel.

**Fourth**, the start of negotiations must be soon, and the pace of negoti tions must be rapid, so that results c be achieved with equal rapidity.

The human resources and potent of Arabs and Israelis are boundless. They have energy and drive which, if not directed against each other, can b marshaled collectively to explore science and technology, literature, and t arts. This region, which nurtured three great world religions, carries within it a powerful and moral force. Islam, Christianity, and Judaism can work together in creating a more dur ble, moral, and spiritual world for all us.

Our vision is of Israelis and Palestinians living together in peace in this land; where the rights of each ar respected; where the energies of all a directed at peaceful purposes; where security and trust exist. Israelis and Palestinians need to see in each other the embodiment of their own dreams. They will realize that the fulfillment c their own dreams is impossible witho the fulfillment of the other side's dreams. They will see that dreams rooted in reality are dreams which ca be fulfilled.

Opportunity knocks loudly on you doors. Now is the time to get to work We have a workable plan, and we are ready to commit our efforts to it. The time is right, together, to make decisions of historic importance. Let us translate our dreams into the reality c peace, rights, and security for all.

[1]Press release 29 of Feb. 29, 1988. ■

### Secretary Shultz's Visit to the Middle East and Europe

| | |
|---|---|
| February 24 | Depart U.S. |
| February 25–27 | Jerusalem |
| February 27 | Amman |
| February 27 | Damascus |
| February 27–28 | Jerusalem |
| February 28 | Cairo |
| February 28–29 | Jerusalem |
| February 29 | Amman |
| February 29–March 1 | Jerusalem |
| March 1 | London |
| March 1–3 | Brussels |
| March 3 | London |
| March 3–4 | Jerusalem |
| March 4 | Damascus |
| March 4 | Cairo |
| March 5 | Return U.S. |

# Middle East Peace Plan

*The following article by Secretary hultz was published in* The Washngton Post *on March 18, 1987.*

'here are few fixed rules for resolving onflicts. Each conflict has a unique istory and unique characteristics. 'ach party to a conflict has its own reams, concerns and fears. The task is o find the right inducements to draw he parties off the battlefield and into he negotiating room. The success of egotiations is attributable not to a articular procedure chosen but to the eadiness of the parties to exploit opportunities, confront hard choices and nake fair and mutual concessions.

In the Arab-Israeli conflict, negoiations work. They provide the means or parties to learn to deal with each ther. They produce durable and realstic agreements that meet the fundaental concerns of the parties. 'xperience shows that Arabs and Isaelis can make agreements and keep hem.

The United States has launched an nitiative designed to produce negotiaions—direct, bilateral Arab-Israeli neotiations to achieve comprehensive eace. Our concept is based on all the rovisions and principles of U.N. Seurity Council Resolution 242, which is he internationally accepted framework or negotiations. In the case of the Vest Bank and Gaza, the initiative inolves a two-stage interlocked set of negotiations designed to produce rapid nd fundamental change in the way Arabs and Israelis relate to each other.

The United States is a firm and onsistent supporter of direct, bilateral egotiations between Israel and all of ts neighbors as the means to achieve a omprehensive peace. At the same ime, the United States has always een willing to consider any approach hat could lead to direct negotiations, ncluding an international conference.

In recent months, some parties have focused on a specific kind of international conference—one that would have an authoritative role or plenipotentiary powers. In January of this year, the United States vetoed a resolution in the U.N. Security Council that called upon the secretary-general to convene such a conference. The United States made clear its belief that this kind of conference would make real negotiations impossible. It would be a vehicle for avoiding meaningful negotiations, not promoting them.

The issue confronting the parties in the Middle East, therefore, is not whether an international conference should or should not be convened. That misses the point. The Arabs require a conference to launch negotiations; without a properly structured conference, there will be no negotiations. But the wrong kind of conference should never be convened. The United States will not attend that kind of conference. No sovereign state would agree to attend the kind of conference that would presume to pass judgment on issues of national security.

The issue is whether the moment is here to negotiate an end to the Arab-Israeli conflict; whether each party is ready and able to confront hard choices and make difficult decisions; and whether the requirements of the parties are amenable to a procedural blend that satisfies minimal demands.

The strength of the American approach is its integrity; no individual aspect of it can be extracted, finessed or ignored without sacrificing its balance. The conference we support launches a series of bilateral negotiations and thereafter may receive reports from the parties on the status of negotiations, in a manner to be agreed by the parties. All conference attendees will be required to accept Security Council Resolutions 242 and 338 and to renounce violence and terrorism. The conference will be specifically enjoined from intruding in the negotiations, imposing solutions or vetoing what had been agreed bilaterally.

The United States is committed to this integral concept for beginning direct, bilateral negotiations. We will not permit any aspect of our proposal to be eroded, compromised or expanded beyond its meaning. In particular, we will not permit a conference to become authoritative or plenipotentiary, or to pass judgments on the negotiations, or to exceed its jurisdiction as agreed by the parties.

The ingredients for a peace process are present. There is an unacceptable and untenable *status quo*. There are competing parties willing to shed illusions and temper dreams to the underlying realities. And there are realistic and achievable ideas on the table that meet the fundamental concerns of everyone.

Our task is also clear. We must act with integrity, resolve and tenacity to bring Arabs and Israelis off the battlefield and into negotiations. The initiative put forward by the United States—two interlocked stages or direct negotiations launched by a properly structured international conference—is realistic and compelling.

This is the moment for a historic breakthrough, and this is the plan. The time for decisions is now. ■

# Aspects of U.S. Resettlement Programs for Vietnamese Refugees

*by Robert Funseth*

*Addresses before the annual dinner meeting of the Families of Vietnamese Political Prisoners Association on November 14, 1987, in Falls Church, Virginia, and before the annual consultative meeting on the UN High Commissioner for Refugees Orderly Departure Program from Vietnam, Geneva, and Switzerland, on December 3, 1987.*

*Mr. Funseth is Senior Deputy Assistant Secretary for Refugee Programs.*

NOVEMBER 14, 1987

I am deeply honored by your invitation to share this evening with you in support of the Vietnamese political prisoners and to be asked to address you. I have the greatest respect for your noble cause and the greatest admiration for your personal courage in sustaining your heartfelt efforts and in maintaining your hope in the face of tremendous emotional hardship and torment.

Sitting together to share a meal is one of the most venerated of traditions in the history of the human family. It is, therefore, right and proper that we should experience together this profoundly symbolic act as we commemorate and rededicate ourselves to the freedom of your husbands, your fathers, your brothers, and your relatives and our Vietnamese colleagues and our friends.

You will all remember that in September 1984, Secretary Shultz made the historic announcement of President Reagan's great humanitarian initiative aimed at bringing all of the "reeducation" camp prisoners and their qualifying family members to the United States. You will also recall that, sadly, the Vietnamese authorities backed away from their initial willingness to negotiate with us to implement the President's program. We profoundly regret that change. We sincerely hope it will change.

When it was my privilege to speak briefly at your solemn commemoration in April at the U.S. Capitol—which marked the 12th anniversary of the imprisonment of your loved ones—I reaffirmed our readiness to resume bilateral discussions with Hanoi at any time. Six weeks ago, in his testimony before the Congress of the United States, Secretary of State Shultz again reiterated this pledge on behalf of the government.

And this evening I stand before you to reaffirm with the strongest possible words and feelings our firm commitment to continue our steadfast efforts to bring about the release and resettlement in the United States of all the former and current "reeducation" camp prisoners and their accompanying family members who wish to be resettled in America.

### Proposals To Hasten Resettlement and Reunification

I believe you all know that we have urged the Vietnamese Government to allow all the prisoners who have been released from their "reeducation" camp prisons to apply to leave Vietnam through the Orderly Departure Program (ODP) and to approve their applications for exit permits. Since our formal presentation of the President's initiative to the representatives of the Vietnamese Government in Geneva in 1984, 270 former prisoners and over 1,000 of their accompanying family members—for a total of nearly 1,300 persons—have been allowed to come to the United States. Perhaps some of you are here this evening.

However pleased we are that these 1,300 persons have been permitted to leave, we remain greatly disappointed that there are 11,000 other Vietnamese—including 2,280 former prisoners—whose names we have sent to the Vietnamese, who have not been given permission to leave, as well as many, many others who still have not come to our attention.

In your association's letter to me, you noted the September announcement in Hanoi of the release of 480 political prisoners and asked that we consider five specific proposals that might hasten their resettlement and reunification with relatives in the United States. Please allow me now to respond directly to each of your proposals.

**First**, you asked that we: "continue to press Vietnam to release the prisoners for resettlement in the United States."

We have done so. We are doing so. We will do so. Our policy is clear; our objective is clear. We have declared, again and again, our readiness to negotiate the release of all political prisoners, and we intend to keep trying. I will once more be leading the U.S. delegation to the annual meetings with the Vietnamese in Geneva 3 weeks from now, and I pledge that we will again use these bilateral meetings to reaffirm strongly President Reagan's humanitarian initiative for the release of the "reeducation" camp prisoners and for their resettlement in the United States.

**Second**, you asked that we: "assure that, if these political prisoners are allowed to emigrate, adequate budget and resettlement numbers are available to take care of this increased requirement."

You always have our assurance to do this. We stand prepared to take all necessary steps, in consultation with the Congress, to ensure that we have the necessary money and refugee admission numbers to resettle any and all of these prisoners the Vietnamese authorities allow to emigrate and who wish to be resettled in the United States.

**Third**, you asked that we: "assure that letters of introduction (LOIs) are issued to any of the recently released political prisoners who do not have such a letter as soon as the names of these political prisoners can be identified."

Again, you have our assurance. When we are informed of the identity of recently released prisoners, the American Embassy in Bangkok is instructed immediately to review the files and issue LOIs wherever needed.

**Fourth**, you asked that we: "be prepared to establish a bilateral program with Vietnam to process the political prisoners if necessary and required by the Vietnamese."

You ask that we be prepared to establish a bilateral program. We have already had direct bilateral meetings with the Vietnamese in 1984, 1985, and 1986. I can assure you that we are fully prepared to establish such a bilateral program if this is necessary. It may not be necessary. Our current Orderly Departure Program mechanism and the initiative we have put to the Vietnamese representatives for these prisoners would be perfectly sufficient without the establishment of a separate program. Through it, we have resettled 1,300 former prisoners and their families. However, if the Vietnamese authorities indicate that they would

refer to establish such a bilateral pro-
ram with us for these prisoners, we
re ready to discuss the modalities of
uch a program without further delay.

**Finally, fifth**, you asked that we:
provide to the Vietnamese community,
writing, clear guidelines on what
mily members can accompany."

We appreciate that clear guidelines
n accompanying family members are of
reat importance to all of you. Our of-
ce has already provided your presi-
ent with a written explanation of the
urrent guidelines. If additional infor-
ation or clarification is required, we
ill be more than happy to provide that
s well, and we are always available to
nswer any of your questions.

### esumption of the rderly Departure Program

am pleased to be able this evening to
ive you some good news about the Or-
erly Departure Program itself. It is
orking again, and we are encouraged
y the way things seem to be going.
fter 18 months of persistent U.S. dip-
omatic activity, we succeeded in July
reaching an agreement with the
ietnamese Government for the re-
umption of interviews for the ODP. In
eptember, a parallel agreement was
eached on a bilateral program with the
ietnamese Government for the Amer-
sian children. Two interview trips to
ietnam by teams of U.S. consular and
NS [Immigration and Naturalization
ervice] officers from the American
mbassy in Bangkok have now been
uccessfully completed. Each resulted
the interview and approval of over
,000 persons. We now expect to be
aking further interview trips on a
easonably regular basis, and we hope
or similarly positive results.

I am sure that all of you are aware
hat at the beginning of 1986, the ODP
uffered a severe setback. At that time,
he Vietnamese authorities unilaterally
uspended the interviewing of new
DP applicants for the United States
nd sharply cut back the ODP program
or all other participating countries. We
onducted a series of meetings with
Vietnamese officials over the next 18
nonths, during which we urged that
nterviewing be allowed to resume and
luring which we made proposals on
ow the interviewing process could be
mproved and accelerated once it was
esumed.

In July of this year in Hanoi, the Vietnamese Government accepted our proposals and agreed to a resumption of interviewing in Ho Chi Minh City. Since then, we have twice sent interview teams to Ho Chi Minh City. I am very pleased to be able to report to you this evening that these trips have been, in our view, successful, and we are encouraged by the way they have gone and, indeed, by the very good cooperation which the Vietnamese officials in Ho Chi Minh City have extended to the U.S. officials.

Let me explain briefly how the interview process has changed and why we believe it could result in faster departures from Vietnam for those we are able to interview and approve. Before the end of 1985, the interviewing was done for us by UNHCR [UN High Commissioner for Refugees] personnel. The results of the interviews were then taken back to the American Embassy in Bangkok, where they had to be reviewed by U.S. consular and immigration officers. Under the new U.S.-proposed procedures, U.S. consular and immigration officers are going directly to Ho Chi Minh City to conduct the interviews in person. This means that, hopefully, most cases can be adjudicated on the spot, subject to satisfactory medical examination results, with final approval normally occurring within only a few weeks after the interviews take place. Since there is no longer a long backlog of people waiting for flights, we hope that the first of those approved in September will be able to join their relatives in the United States before the end of the year.

There still remain some unresolved processing problems. As you know, the ODP office at the embassy in Bangkok issues letters of introduction on behalf of applicants whose files are sufficiently complete and who have either an approved Form I-130 petition which is "current," or nearly so, or who have been tentatively approved for travel. The United States has provided to the Vietnamese authorities the names of everyone to whom we have issued an LOI. In August of this year, after the Vietnamese Government agreed to the resumption of interviewing, the American Embassy sent them a new consolidated list of everyone to whom an LOI had been issued who was still in Vietnam. That list contained about 95,000 names. We hope that the Vietnamese authorities will increasingly draw from these U.S. lists of persons who have already been issued LOIs.

For most of the time that interviewing was suspended, the Vietnamese Government did not issue any exit permits—or issued only a very few. The good news is that they have, in recent months, resumed issuing some exit permits again. So we will make this one suggestion for something you can do: if your relatives in Vietnam have LOIs but do not have exit permits, we would suggest that you urge them to reapply now, either for an exit permit or for an appointment for an interview. The chances for favorable action on a request may be better than they have been for some time. Urge your family members in Vietnam to take a copy of their LOI to the appropriate authorities and try again now. They may not be successful, but they may be.

### U.S. Commitment to Refugee Resettlement

Our mission is not to posture. Our mission is to bring about the freedom of your relatives and to obtain Vietnamese agreement for their resettlement in the United States. Therefore, we must be discreet and careful in what we say in public. We leave the polemics to others. When we meet with the Vietnamese authorities on this unresolved humanitarian issue we must be sober, sincere, and serious—and we are.

There is, we believe—based on the recent positive developments concerning the Orderly Departure Program—some reason to be hopeful that there may be better news ahead about the "reeducation" camp prisoners and their prospects for being allowed to leave Vietnam for resettlement here.

In June, in an address to the foreign ministers of the Southeast Asian countries meeting in Singapore, Secretary of State George Shultz declared that the United States would support the countries of first asylum for the long haul, including the continuation of a substantial American refugee resettlement program. In September, this pledge was made concrete in President Reagan's formal proposal to the Congress and subsequent determination to set the first-asylum admissions ceiling for FY 1988 at 29,500 and the ODP ceiling at 8,500, for a total of 38,000 persons.

Commitment is, indeed, the watchword of U.S. refugee policies and programs. We are committed to humanitarian ideals as a nation. We are committed to helping refugees who are the victims of oppression in this world. We are committed to generous refugee admissions programs in order to offer hope and new lives to the thousands and thousands who have lost their

homes. And we are committed to fighting for the freedom to emigrate of those still imprisoned for their beliefs. Your loved ones are uppermost in our thoughts and actions, and we commit ourselves—and rededicate ourselves again this evening—to unceasing efforts to obtain their freedom.

DECEMBER 3, 1988

Mr. High Commissioner [Jean Pierre Hocke], we would like first to express appreciation to you and those of your organization for your efforts and interest on behalf of the UNHCR's Orderly Departure Program. The sponsorship by UNHCR of this very important annual consultation and your personal participation again this year as chairman is a significant manifestation of the commitment of UNHCR to do everything possible to ensure that this program becomes truly a viable, safe, and orderly alternative to clandestine, dangerous departures from Vietnam as envisaged in the 1979 memorandum of understanding between the Socialist Republic of Vietnam and the UNHCR. We believe that your recent visit to Hanoi contributed in an important and helpful manner to the renewal of this vital program.

The United States is greatly encouraged by the resumption of processing of applicants for resettlement in our country which has occurred in the past months and by the recent increase in approval for other countries. We are here to build on that progress. We salute the good will and cooperation demonstrated by the Government of the Socialist Republic of Vietnam and its representatives, the UNHCR, the ICM [Intergovernmental Committee for Migration], and all other parties involved. Together, we now have the opportunity and the challenge for a new beginning—to restore departures to the levels achieved in 1984 and 1985, when, for the first time, more Vietnamese left via the ODP than risked clandestine, dangerous departures. But our goal must be to go beyond those levels. We, therefore, welcome the Minister's [Vietnamese Vice Minister for Foreign Affairs Tran Quang Co] clear statement that his country does not wish its citizens to become "boat" people.

It is useful to recall on this occasion that the memorandum of understanding recognizes both "family reunion and other humanitarian cases." It provides that selection of those persons authorized to leave Vietnam is to be made on the basis of lists of persons submitted by the Vietnamese Government and lists of persons submitted by the receiving countries. The 1979 memorandum also affirms the central role of the UNHCR.

### U.S. Commitment to the ODP

On behalf of my government, I reaffirm the steadfast commitment of the United States to the UNHCR Orderly Departure Program within the terms of the 1979 understanding. This American commitment was further strengthened by all of the Members of the U.S. Congress in a 1987 resolution unanimously endorsing the program's provision for departures from Vietnam for both family reunification and for humanitarian reasons.

Vietnam's Southeast Asian neighbors also recognize the central humanitarian role of the Orderly Departure Program. At their June meeting in Singapore, the Foreign Ministers of the Association of South East Asian Nations strongly urged the Government of the Socialist Republic of Vietnam to take measures to remove the causes of clandestine departures from Vietnam and to cooperate earnestly with the UNHCR and the resettlement countries to ensure the success of the Orderly Departure Program.

### Alternative to the Perils of Clandestine Flight

Since 1980, the Orderly Departure Program has enabled more than 130,000 persons to depart Vietnam safely and in an orderly way to build new lives in new homelands, with over 60,000 coming to my country. In 1984, more than 28,000 persons departed Vietnam under this program, and in 1985, more than 26,000. In those years, the Orderly Departure Program truly was becoming an alternative to the perils of clandestine departure. Sadly, this is not now the case, with clandestine departures now exceeding departures under the Orderly Departure Program. However, with the recent renewal of the program, we are hopeful that it will once again become the principal means for persons to depart Vietnam.

### Amerasians and Prisoners

At our consultations in 1984, I had the honor to announce on behalf of my government two special humanitarian initiatives of the President of the United States. One called for the admission to the United States of all Amerasian children, their mothers, and close family members from Vietnam who wished to be resettled in the United States. The second called for the resettlement of all the so-called reeducation camp inmates and their qualifying family members who also wished to be resettled in the United States.

We are very pleased that recent steps have been taken to fulfill the intent of the initiative on behalf of Amerasians. We remain, however, profoundly disappointed that the Vietnamese authorities have not as yet responded positively to our initiative or behalf of the reeducation camp prisoners—a population of compelling concern to the international community.

This afternoon—as was done at this consultation last year—I once again reaffirm that we are ready to resume discussions with the Government of the Socialist Republic of Vietnam on this important issue. Our humanitarian goal must be to develop ways to receive these prisoners or former prisoners and their immediate families who wish to be resettled in the United States. We are hopeful that the cooperative spirit reflected in the recent resumption of the Orderly Departure Program and Amerasian Program will now manifest itself in addressing this profound, unresolved humanitarian issue.

In a special act of amnesty, the Vietnamese authorities recently announced the release of 480 persons from "reeducation" camps—persons who had been incarcerated since 1975 and who held positions under the former government. We appreciate, applaud, and welcome this humane gesture of amnesty by Vietnam. We invite the Vietnamese authorities to allow any of this group who wish to be resettled in the United States or in any other country to be accorded priority in the ODP on special humanitarian grounds. We also reaffirm our request that all former "reeducation camp" prisoners be allowed unhindered access to the Orderly Departure Program.

### Conclusion

This year's international meeting is a significant consultation. My delegation is looking forward very much to continuing consideration of this very important humanitarian undertaking in meetings tomorrow with the Vietnamese delegation led by Vice Minister Co. ■

# 'errorism: Myths and Reality

*L. Paul Bremer, III*

*Address before the Norwegian At-tic Committee in Oslo on February 1988. Ambassador Bremer is Ambas-lor at Large for Counter-Terrorism.*

le impact of terrorism has spawned a ge volume of literature and commen-y. There are scores of self-styled ex-rts and consultants. Analyzing and plaining terrorism has become a owth industry.

Of course, we should try to under-nd terrorism. But much of what has en written and said about terrorism s created a mythology which instead s served to confound the public and, some cases, to romanticize ter-rists. If we are to have a sound coun-terrorism policy we must know the ts.

Three myths, in particular, confuse nking about terrorism.

- Solve the "underlying problems" d terrorism will cease.
- Terrorists are crazy.
- Vigorous action against terrorism ly increases it.

Today I will address these myths d tell you about the American Gov-nment's strategy for countering rrorism.

### yth One: Solve the Underlying oblems and Terrorism Will Cease

o often terrorist acts are followed by ilt-ridden responses which begin by inting out the wrongs done to the rrorists and end by declaring that ere is no solution until the "underly-g problem" is solved. This argument, ten made by well-intentioned people, osely parallels the line of reasoning t forward by terrorists. Stripped of ossy phrases, the terrorists' argu-ent goes something like this:

- Had we been treated justly, there ould be no violence.
- We seek justice.
- Whatever we do in pursuit of jus-ce is, therefore, justified.

This line of reasoning is not only rogant—leaving the judgment of ght and wrong to the terrorists—but nsupported by the facts. Let us exam-e some cases.

**Again and again, terrorist attacks in the Middle East have been specifically designed to derail progress in dealing with the region's deep problems.**

- In 1948, UN mediator Count Bernadotte was assassinated as he worked on a cease-fire during Israel's war for independence.
- In the early 1950s, King Abdallah of Jordan was assassinated in part because of his talks with Israel.
- In 1974, while then-Secretary of State Kissinger was negotiating a disengagement agreement on the Golan Heights, Palestinian terrorists seized and killed 32 Israeli school children in the town of Ma'alot.
- President Anwar Sadat was assassinated in large part because he made peace with Israel.
- In 1983, the Abu Nidal Organization (ANO)—at the urging of Syria—conducted a series of attacks against Jordanian interests when Jordan seemed to be taking a more moderate approach to a Middle East settlement.

**It is not just in the Middle East that terrorism has increased as underlying problems are dealt with.**

- Basque terrorism in Spain has dramatically increased as its demands for Basque autonomy have been realized. In 1975, the year Franco died, Basque terrorists killed 16 Spaniards. Five years later, after the implementation of democratic rule in Spain and the granting of significant autonomy in the Basque region, Basque terrorists killed 96 Spaniards—a sixfold increase.
- In Turkey, Kurdish terrorists, in addition to kidnapping and murdering Kurdish village guards and headmen, have attacked bridges, roadbuilding equipment, and other elements of an economic infrastructure which was improving conditions for impoverished Kurds in southeast Turkey.

**Terrorism occurs in the most free and just societies ever known to mankind.**

- In the Federal Republic of Germany, the Badder-Meinhof gang and the Red Army Faction have practiced terror. France has been beset by the terrorism of the Direct Action group. Terrorists have also been active in other democratic, free countries—Belgium, Italy, Canada, and Japan.
- In the United States, there have been terrorist actions by the Weatherman, the Order, the Aryan Brotherhood, and the Symbionese People's Liberation Army.

Individuals frequently join groups because of a need to "belong." Moreover, it is not at all clear that terrorists themselves are motivated by a desire to solve underlying problems. In fact, recent psychiatric research makes it clear that many individual terrorists are not motivated by their so-called cause. For example, Dr. Jerrold M. Post of George Washington University concludes that the "cause" is not the fundamental reason most terrorists join up. The "cause" provides the rationale, but the motivation is the terrorist's desire to belong to a group.

Social isolation and personal failure are frequently seen in preterrorist histories. Studies in Italy and Germany have shown that members of the Red Army Faction and the Red Brigades often came from incomplete family structures and had shown a high frequency of educational and job failure. Fully a third had been convicted in juvenile court before they joined a terrorist group. While the leadership remains focused on the political goal, many of the rank and file join not out of deep ideological commitment to a "cause" but because the terrorist group, in effect, offers a "home," a "family."

Another example of this phenomenon is found in the Basque ETA [Basque Fatherland and Freedom] organization. In the Basque region, only 8% of the population is from mixed Spanish-Basque heritage, and children from mixed marriages are not well accepted in Basque society. Yet fully 40% of ETA members are from mixed heritage.

Causes can be addressed without giving in to terrorism. Of course, we cannot and should not ignore underlying problems while we devote ourselves to countering terrorism. No country has done more to promote a peace settlement in the Middle East than the United States. We recognize the legitimate grievances of many groups, but nothing justifies terrorism. Recognizing a grievance does not require accepting terrorism as the solution.

We do not have the luxury of choosing between policies which counter terrorism and those which seek to resolve underlying issues. We must do both.

### Myth Two: Terrorists Are Suicidal Lunatics

A second myth is that terrorists are crazy. A corollary is that they are willing to die for their cause, so arresting and imprisoning terrorists will have no deterrent effect. Both elements of this myth are incorrect.

Most terrorists are not crazy. In fact, it is their sanity which makes them dangerous. They are calculating fanatics. They may use unstable people in their operations, but it is their ability to calculate and plan which makes them dangerous. Terrorism is rarely "mindless."

Nor does their distortion of good and evil make terrorists insane. Russian terrorist Mikhail Bukanin put it this way:

> To the revolutionist, whatever aids the triumph of the revolution is ethical; all that hinders it is unethical and criminal.

Let us look at a few examples.

• The 1985 Rome and Vienna airport massacres, carried out by the Abu Nidal Organization with Syrian and Libyan assistance, were not the work of lunatics. The attacks were not random but directed against the El Al counters. The purpose was to terrify El Al passengers and travelers to Israel, thus weakening Israel's economy and "furthering the revolution."

• Last October, the notorious Peruvian terrorist group, *Sendero Luminoso*, occupied a small village in the Department of Ayacucho and captured eight members of the local civil defense force. After a mock trial, the villagers were tortured and beheaded. Such grotesque treatment of the very people whose support *Sendero* seeks might seem counterproductive. Actually, it is an example of "enforcement terrorism." The intention is to terrify the *campesinos* into supporting *Sendero* or, at a minimum, to prevent them from collaborating with the government in any way.

• "Enforcement terrorism" is widespread in the Middle East. Most Palestinian terrorism over the years has been directed against rival Palestinians and other Arabs. For example, while the Abu Nidal Organization's goal is the destruction of the state of Israel, only 14% of its attacks have been against Israeli or Jewish targets. Sixty-three percent of all attacks have been against Palestinian and Arab targets. Clearly, "enforcement" is a major goal for the ANO. And most of what they are enforcing is a hard line against negotiation or accommodation with Israel.

Few terrorist attacks are intended to end in the death of the terrorist. Spectacular bombings, such as those against the Marine barracks and the U.S. Embassy in Beirut have drawn attention to suicide attacks. Yet, in fact, very few terrorist attacks are deliberately suicidal.

According to a study of terrorist missions between 1968 and 1974, less than 2% of all terrorist attacks are genuinely suicidal. In about a third of the cases, the terrorists were willing to die but preferred to live. In more than 60% of the cases, elaborate escape plans were made. In spite of prominent suicide attacks since that study, recent events do not suggest dramatic variations in these figures.

So terrorists make careful calculations about their attacks. They intend to escape unharmed. Their rationality means that forceful action to deter terrorists can have a beneficial effect. Bu this brings us to the last of the myths

### Myth Three: Forceful Action Agains Terrorists Only Fuels Terrorism

It has been argued that jailing terrorists only leads to attacks to free them, that military action only leads t counteraction. This is a myth, and a dangerous one, because it can paralyz us into inaction. The reality is that forceful action is a necessary element any successful response to terrorism.

By forceful action, I mean not jus military responses but aggressive law enforcement practices and stiff sentences when terrorists are convicted. Since the acts that terrorists commit—murder, arson, kidnapping, air piracy—are invariably crimes, the law is a tool for us to use. Yes, in the short run we may face reprisals when we imprison terrorists. But over time, the rule of law will prevail.

One of the reasons that we have s little domestic terrorism in the United States is that the FBI [Federal Bureau of Investigation] and the Justice Department have, for years, brought the full weight of the law to bear on organ zations like the Aryan Brotherhood an the Symbionese Liberation Army. Tough law enforcement measures in Europe, including stiff sentences for convicted terrorists in France, Spain, Italy, the Federal Republic of Germany and the United Kingdom in the past year, coincide with a 40% decline in international terrorism there.

But sometimes international realities limit the use of the law. Simply put, our writ did not run to Qadhafi's headquarters, so we turned to other means to defend ourselves.

Here too, many people fell victim to the myth that forceful action increases terrorism. For example, a day after the U.S. strike on Libya on April 15, 1986, 97 Western terrorism experts meeting at a seminar in Aberdeen, Scotland, unanimously agreed that the United States had committed an error. Neither the morality of nor the justification for the strike was at issue; efficacy was. The experts' view was that the air strike would just stimulate Qadhafi to more terrorism.

These experts were dead wrong. We believe that as many as 35 attacks planned by Libya were averted within weeks after the attack. Yes, Qadhafi still practices terrorism. And he continues to assassinate his dissidents abroad. Recently, he was caught in October trying to ship 150 tons of arms to

## U.S. Signs Treaty on Maritime Security

**DEPARTMENT STATEMENT, MAR. 11, 1988[1]**

In a significant display of international cooperation against terrorism, the United States and 22 other countries on March 10 signed an important new anti-terrorism treaty on maritime security. The treaty fills a gap in international law by ensuring that states will have jurisdiction to prosecute or extradite individuals who commit acts of terrorism on or against vessels on the high seas or elsewhere. A related protocol covers oil rigs or platforms anchored to the Continental Shelf and the people aboard them. Both were negotiated under the auspices of the International Maritime Organization (IMO), a specialized agency of the United Nations.

The need for such a treaty was highlighted by the 1985 attack on the cruise ship *Achille Lauro* and its passengers. We regard this treaty as a major step forward in bringing the rule of law to bear against terrorists. This treaty, together with the recently signed protocol on aviation security and airport safety, will contribute to reducing the vulnerability of travelers to terrorism.

[1]Read to news correspondents by Department spokesman Charles Redman. ■

IRA [Irish Republican Army]. But dhafi clearly reduced his planning for acks on us after the bombing.

Moreover, military actions have military consequences far removed m the scene. While some friendly ernments questioned the wisdom of limited attack, the message of U.S. olve was unequivocal and as surely lerstood in Western capitals as in rorist training camps. Overall, there s a dramatic drop in Middle East-nsored terrorism in Europe follow- our Libya attack and the accom-ying diplomatic and political asures we and our allies took.

### S. Counterterrorism Policy

sed on our understanding of the real eat we face, the American Govern-nt has fashioned a three-part policy signed to suppress terrorism.

**Firmness Toward Terrorists.** We ieve that terrorists are logical and l oriented. For them, terrorism is a tic, a means pursued to an end.

You cannot permit terrorism to be-ne a profitable tactic unless you want re of it. Behavior rewarded is behav- repeated. That is why we must not ke concessions to terrorists. Yes, we l talk to terrorists. We will talk to yone, anywhere, anytime, about the ety and well-being of American cit-ns. But since our goal is to prevent ther terrorist acts, we will not ange our policies, pay ransom, re-ase prisoners, or engage in other be-vior which might encourage further s of terrorism.

**Pressure on Terror-Supporting ates.** The second element of our ategy is to bring pressure to bear states which sponsor terrorism. rough a marriage of convenience, ates can provide to terrorists impor-nt resources—weapons, financing, fe houses, training areas. On the her hand, terrorists can conduct out-w activities on behalf of their state onsors. The state sponsors can then ny any role in actions which could ad to war if undertaken openly. It has en an important objective of U.S. licy to try to break this nexus.

The first state to feel the pressure American policy was Libya. Over a riod of 5 years, the United States led international campaign to put politi-l and economic and diplomatic pres-re on Libya to persuade Qadhafi to op his terrorist ways. Our peaceful easures did not succeed. And, in the d, when the President had convincing evidence of Libyan involvement in the attack on the La Belle disco in Berlin, he ordered a limited military attack on Libya in an attempt to dampen Colonel Qadhafi's enthusiasm for terrorism.

The American bombing raid represented a watershed in the international fight against terrorism. It shocked Qadhafi and other terrorists to realize that the United States was prepared to use military action, if necessary, to stop terrorism.

In late 1986, courts in London and Berlin found Syrian complicity in terrorist attacks in those cities. The United States joined with Great Britain in an international campaign to pressure Syria into reducing its connections with terrorist groups. These measures also succeeded. In June last year, Syria expelled the notorious Abu Nidal group from Syrian territory.

Iran, too, is a key supporter of terrorism. Its government has practiced terrorism ever since coming to power 8 years ago. Iran has been responsible for attacks on U.S. targets, on French and British interests, and on moderate Arabs. Our government has imposed a series of tight sanctions on Iran and encourages other governments to do the same.

When the evidence of North Korea's involvement in the destruction of KAL [Korean Air Lines] Flight 858 became available, the United States quickly designated North Korea as a terrorist state. We are currently working with other governments to be sure that the North Koreans understand that practicing terrorism is unacceptable behavior.

**A Program of Action to Bring Terrorists to Justice.** In spite of myths, we know that most terrorists are not eager to be killed or imprisoned. So if we can identify, track, arrest, and punish terrorists—treat them like criminals—we can reduce the number of terrorist attacks.

International cooperation has proven important here. The "watch lists" we have developed are in the hands of border police in many countries. Border police are becoming much more attentive to suspicious travelers, too. As a result, terrorists run considerable risks crossing international borders. In January 1987; two Lebanese terrorists were arrested on successive days trying to smuggle explosives into Italy and Germany.

Because of increased attention to terrorism by Western governments, terrorist groups can no longer be sure they have not been penetrated by Western intelligence agencies. Contrary to what terrorist leaders may think, many of their operatives are, indeed, interested in our money.

And as countries dedicate more resources to the fight against terrorism, they are catching and prosecuting increasing numbers of international terrorists.

- In Paris, Georges Ibrahim Abdallah received a life sentence for his role in the murders of a U.S. Army attache and an Israeli diplomat.
- In Germany, a Lebanese terrorist named Hamadei faces air piracy and murder charges for his role in the TWA 847 hijacking.
- In New York City, Mohammed Atta, an Abu Nidal terrorist, awaits extradition to Israel to face murder charges arising from fire bombing and machinegunning of a bus.
- In Washington, D.C., a Lebanese terrorist named Fawaz Younis awaits trial on hostage-taking charges arising from the hijacking of Jordanian Airlines Flight 401 in June 1985.

More and more, civilized nations are coming to share our view that terrorism is a common menace and we must respond with a common dedication to the rule of law.

### Conclusion

Our strategy is working. In 1983 and 1984, international terrorism increased 30%–40% each year. In the past 3 years, incidents of international terrorism have stabilized at about the same level—still too high, but at least the geometric expansions of prior years have ended.

Why these improvements? Because the international political and philosophical climate is changing. Governments which used to tolerate terrorists have become tougher. More and more, we are seeing world debate focusing on the criminal effects of terrorism, not the "causes."

But I don't want to mislead you. Dealing with terrorism is a long-term project. We are not likely to eliminate terrorism completely. But by demythologizing it, by dealing with realities and concentrating on common sense responses, we can set about the business of making the world a safer place. ■

# U.S. Condemns North Korean Terrorism

*Statements by Ambassador Clayton C. McManaway, Deputy to the Ambassador at Large for Counter-Terrorism, and William Clark, Jr., Deputy Assistant Secretary for East Asian and Pacific Affairs, before the Subcommittee on Asian and Pacific Affairs of the House Foreign Affairs Committee on February 4, 1988.*[1]

**AMBASSADOR McMANAWAY**

I am a deputy in the State Department's Office of the Ambassador at Large for Counter-Terrorism, which is responsible for interagency policy formation and coordination on matters concerning international terrorism. I will address our government's view of the evidence linking North Korea to the destruction of KAL [Korean Air Lines] Flight 858 and the steps we are taking in response. I will outline why we are convinced that North Korea was responsible for this terrorist attack; what actions the United States has taken so far to register our outrage and concern; and some of the actions we are contemplating—in consultation with the Republic of Korea (R.O.K.)—to encourage the international community to condemn this mass murder of 115 innocent air passengers. Our aim is to deter North Korea from future terrorism.

Countering state-supported terrorism is fundamental to our counter-terrorism policy. We, therefore, take action to condemn and punish, whenever possible, any state which supports attacks on civil aviation or other acts of terrorism. Given North Korea's record of egregious violence against South Korea, however, we think it especially important that all civilized countries make it clear to North Korea that its murderous behavior must never be repeated. Should the world prove indifferent, we fear that North Korea will conclude that terrorism is cost free and conduct further atrocities against innocent South Korean citizens. Such actions could make the Korean Peninsula dangerously unstable.

### The Evidence

I believe you have seen the white paper issued by the Republic of Korea on the destruction of KAL 858. After careful review, we have concluded that it contains compelling evidence that North Korea planned, organized, and carried out this act of terrorism. The Korean white paper details the confession of Ms. Kim Hyon-hui. Highly trained, Korean-speaking U.S. officials have met with her and believe she is telling the truth.

We offer the following additional facts, which we believe confirm her story.

- North Korean agents have used suicide capsules when captured in the past. More importantly, technical analysis shows the cyanide capsule (taken from Ms. Kim) to be chemically identical to those found on North Korean agents captured in earlier incidents.
- According to a public Japanese statement, the documents needed to produce the forged Japanese passport used by Mr. Kim were obtained by an individual wanted in Japan as a North Korean agent.
- U.S. experts have concluded that the forged passports are of such high quality that they were almost certainly prepared by a government intelligence service. No terrorist group is known to have the capability to produce forgeries of this quality.
- We know from non-Korean sources that Ms. Kim and her companion traveled with coded phone numbers of North Korean missions in Vienna and Belgrade.
- As part of her cover, Ms. Kim initially spoke Japanese and denied she was a Korean. However, in her subsequent public and private appearances, she spoke fluent Korean with a North Korean accent.
- Finally, U.S. officials showed Ms. Kim a large selection of photographs of individuals and asked her to identify any who had played roles in the KAL 858 bombing. She identified two men known to the United States as North Korean agents. One of them, Han Songsam, was a North Korean official stationed in Budapest. Ms. Kim said she and Mr. Kim stayed with Han while in Budapest. The description she provided of his house matched that of U.S. Government officials who have seen it. The other was Yi Yong-hyok, the man she said gave her the order to bomb the airliner.

We have no doubt that North Korea is responsible for this act of mass murder.

### How the Bombing Was Carried Out

This terrorist act was not launched overnight. It took careful planning, intensive training and indoctrination for the two operatives, and coordination and support from North Korean diplomatic missions abroad.

Ms. Kim has detailed her training as a covert agent, beginning in 1980. She has said that she and her accomplice, Kim Sung-il, began to train in 1984 for missions against the 1988 Seo Olympics. After receiving the order t bomb KAL 858 in October 1987, she and her partner received specialized training in the use of explosives.

Ms. Kim and the other operative began their trip last November 12 wh they left Pyongyang for Moscow accon panied by two North Korean intelligence officers. They then traveled to Budapest, Vienna, and Belgrade. In Belgrade, they were given the bomb b a North Korean official. It was concealed in a portable radio with additional liquid explosive concealed in a wine bottle. From Belgrade, the pair flew to Baghdad aboard an Iraqi Air flight.

In Baghdad, they transferred to KAL Flight 858. The agents left the bomb aboard the plane when they got off in Abu Dhabi. When the plane disappeared while approaching Bangkok, an urgent search was begun for the passengers who had deplaned at Abu Dhabi. The two were tracked to Bahrain, where they were apprehende at the airport while awaiting a flight t Rome. It was at that point that Ms. Kim and her companion took cyanide. Her companion died, but Ms. Kim sur vived with medical treatment.

I believe you have received a full briefing in closed sessions on still clas sified information, so I will move on a this point to what we have done to bring North Korea to account for this despicable act.

### U.S. Actions to Date

As soon as we were satisfied at North Korean culpability, the United States announced the following steps.

- The Secretary of State designated North Korea as a state sponsor terrorism under Section 6(j) of the Ex port Administration Act and notified the Secretary of Commerce of this action. Congress was also notified as pa of the Commerce Department's report on exports controlled for foreign polic reasons.

• The Department of State tightened its already strict visa regime on North Korean passport holders.

• The Department of State withdrew its earlier authorization, issued last March, which allowed U.S. diplomats to hold substantive communications with North Korean diplomats in neutral settings.

We have also called on all nations to condemn North Korea for this action and encouraged individual countries to adopt appropriate measures, including consideration of economic and other sanctions.

### International Response

The response to date by other governments has been mixed. A number of countries, including Japan, Denmark, Singapore, and the Netherlands, have issued strong statements condemning both the bombing and North Korea's responsibility for it. Japan has also announced its intention to impose sanctions on the D.P.R.K. [Democratic People's Republic of Korea]. Interestingly, the P.R.C. [People's Republic of China], despite its close relations with North Korea, printed both North and South Korean versions of the incident in official media.

Others have issued cautious statements saying, in effect, that they want to hear the South Korean charges debated further before reaching final conclusions. The European Community, for example, condemned the bombing as an act of terrorism but stopped short of naming North Korea specifically as the culprit. We have urged governments to issue statements clearly condemning both the terrorist act and North Korea's responsibility for it, taking into account both the South Korean white paper and other available evidence.

I also understand that consideration is being given by the International Federation of Airline Pilots Associations as to whether to declare North Korea an "offending state," a step which could lead to sanctions by that body.

### Future Actions

We are consulting with the R.O.K. regarding additional measures. I would anticipate that they would include:

• Urging international organizations to take action on this issue. We believe the KAL case should be raised in the United Nations and the International Civil Aviation Organization. The South Korean Government is currently deciding when and how they intend to raise the issue in those bodies and what action they intend to request to be taken. We are consulting with them to coordinate our approaches and have indicated we are prepared to give them firm support;

• Urging those with close relations with North Korea to use their influence in Pyongyang to curb further unacceptable behavior;

• Continuing to seek condemnation of North Korea by individual governments for its terrorist attack; and

• Assisting South Korea in security arrangements for the Seoul Olympic games.

### Implications for Aviation Safety

I would also like to mention some of the steps we are taking in aviation security in general. While this particular act was aimed at South Korea, it is only by chance that none of our own citizens were aboard the flight.

In the past 2 years, security at airports in Europe and other areas has improved. We are working on further improvements in three ways.

**First**, we are cooperating with European and other governments to implement more rigorous passenger screening, tighter baggage checks, and other measures.

**Secondly**, we are providing antiterrorism assistance (ATA), including airport security assistance, to governments which request it. Currently, we operate ATA programs in some 40 countries.

**Finally**, we have supported the adoption of a new international convention on airport security. This would amend the Montreal convention on sabotage to include airports themselves as well as aircraft in flight. We hope that this will be adopted at a diplomatic conference which begins next week in Montreal.

At the same time, we are working to improve our own ability to ensure that explosives and other weapons are detected before being brought onto airplanes. Certain types of explosives can only be detected by a rigorous hand search. Through the interagency counterterrorism research and development program chaired by the State Department, we are developing new technologies to detect them mechanically.

I would like to make special mention of our work with the R.O.K. to make the Seoul Olympics as safe as possible from terrorism. Given the horror of the 1972 Olympics in Munich and North Korea's demonstrated willingness to use terrorism against the South, our efforts have already begun and will be intensive. While this forum is not appropriate to go into detail, I can say that the Department of State and our embassy in Seoul are coordinating the efforts of seven other U.S. agencies. I am pleased that in the aftermath of the KAL 858 bombing, Japan has announced that it, too, will assist the Republic of Korea on Olympic security.

In closing, I wish to emphasize that we remain committed to supporting the R.O.K.'s lead in bringing this matter before international forums and to the attention of other countries in seeking international condemnation of North Korea for this heinous act of international terrorism. At the same time, it is in our interest not only to support the R.O.K.'s intitiative but to strongly condemn and, where possible, punish North Korea for this action.

The bombing of KAL 858 constitutes state-supported terrorism at its worst and is a danger to us all. It is essential that the civilized world do everything in its power to put an end to this threat. Our actions on KAL 858 are consistent with, and should be seen as part of, our continuing struggle to counter international terrorism wherever it occurs.

### MR. CLARK

Let me begin by thanking you for this opportunity to speak on a matter of serious concern, the terrorist bombing of flight KAL 858 on November 29, 1987. This brutal act of state terrorism destroyed 115 innocent lives. We deeply regret this tragic loss of life; we sympathize and share with those who lost family members their great sorrow and profound outrage.

The destruction of KAL 858 is not simply a personal tragedy but reminds us vividly that we are engaged in a bitter global struggle against terrorism. It also reminds us that those who currently control North Korea repeatedly ignore civilized rules of behavior; in fact, the Pyongyang regime seems to play by no rules at all. The history of North Korean savagery is long and bloody, going back as far as its unprovoked attack on the R.O.K. on June 25, 1950. It has continued—without cessation—to this very day.

• In Rangoon, in 1983, North Korean commandos planted explosives which killed 17 members of the R.O.K. President's official party, as well as 4 Burmese.

• In 1976, North Korean soldiers axe-murdered two unarmed American officers at Panmunjom.

• In 1974, North Korean agents, attempting to assassinate then-President Park, shot and killed his wife in Seoul.

The year 1968 proved a banner year for North Korean unlawfulness: they intercepted, in international waters, the unarmed U.S.S. *Pueblo*, killing one of the crew and subjecting the rest to brutal torture; they shot down an unarmed U.S. military plane; and their commandos carried out the infamous "Blue House raid," nearly succeeding in assassinating President Park. North Korea also dispatched numerous commando units into South Korea in the late 1960s to savage and terrorize the South Korean populace.

This is, of course, only half the story. North Korea continues to devote record levels of its scarce resources to its enormous military establishment. Defectors tell chilling tales of the savagery and paranoia of that regime. Koreans living above the demilitarized zone, in almost total isolation from contact with the civilized world, suffer a deprivation of basic freedoms virtually unparalleled anywhere else. They lack information, privacy, and truth; and, increasingly, they suffer shortages of food and other basic human needs. The regime in the North evokes the darkest memories of the horrors of fascist rule, with its *Fuehrer prinzip* (leader principle); its military machine; and organs of control, terror, and repression.

### North Korea's Threat to Peace

We have long been aware of the threat to peace posed by the North. Traditionally, we have countered this threat in two ways.

**Militarily**, we maintain a strong alliance with the R.O.K., stationing U.S. troops in Korea to deter North Korean aggression and to provide the shield behind which our ally has developed economically and politically.

**Diplomatically**, we have sought to contain or deflect North Korea's reckless and brutal behavior as much as possible.

This Korean act of sabotage and murder against KAL 858 occurred not against a backdrop of unremitting hostility; rather, it tore asunder the fabric of carefully woven offers of peaceful contact and the prospect of improved relations. As you know, the International Olympic Committee, working closely with the Government of the Republic of Korea, offered to the North the privilege of staging a number of events in the 1988 Seoul Olympics. That offer has no precedent in the history of the modern Olympics. Similarly, we and the R.O.K. Government worked together to offer a series of small but concrete, achievable steps to stimulate tension reduction and understanding. We did so not in ignorance of Pyongyang's miserable record but in recognition that the North Korean state needs to open itself further to the world. We proceeded in the hope that Pyongyang's leaders would come to recognize this need. We hoped they would act rationally, allowing the North to join the progress toward economic modernization and democracy taking place in many other parts of Asia.

Such steps could have led to a lessening of tension on the peninsula, an improved economic outlook for the faltering North Korean economy, and, perhaps, progress toward the peaceful reunification of the peninsula that Pyongyang claims to seek and that all Koreans long to achieve.

What response did the North give to this olive branch? Their "messenger of peace" was a meticulously trained North Korean agent, Kim Hyon-hui, who freely and credibly confessed that high-level D.P.R.K. officials directed her key role in the destruction of KAL 858. She claims—and we have every reason to believe her—that the D.P.R.K. directed this savagery against the 1988 Seoul Olympics. Certainly, the killing of 115 civilians 9 months before the commencement of the games would be insufficient to disrupt the games, but we must assume that the North intended to evade discovery. Had its agents escaped, had the cyanide ampule served its intended purpose, the world would miss the conclusive link to the North provided by her testimony and the opportunities that testimony has afforded for independent corroboration. The North would then have been freer to implement further such actions.

Economies of scale suggest that other agents have been trained by the North. We ask ourselves how many more "angels of death" the leadership in Pyongyang will dispatch into the world on missions of destruction before that state recognizes the folly of its policies? We do not know, but we must make clear that this once is too much. Ms. Kim's confession takes forever from the North the remaining tatters of its cloak of "plausible deniability." The world will know where to point should Pyongyang attempt a bloody encore to KAL 858.

Ms. Kim also stated that her trainers told her that "high-level officials" personally ordered the destruction of KAL 858 and had even reviewed operational details as well. Well schooled in how to interpret such statements, she drew the inference that Kim Chong-il may have personally directed her mission and, at the time, was appropriately pleased and flattered. While we will most likely never obtain independent evidence directly linking the highest echelons of that regime to this act, her belief certainly is credible. We know that in that dictatorial regime, the degree of personal direction by the Kims, father and son, is unparalleled anywhere else in the world. The two leaders provide supposedly expert "on-the-spot guidance" in areas as diverse as agriculture, industry, and military affairs. Thus, "on-the-spot guidance" for acts of terrorism, especially those as significant as the mission on which Ms. Kim was dispatched, seem to me more than just plausible. Nonetheless, we note that president-elect Roh Tae Woo has remarked that this operation may have been the work of a "rogue element" within the D.P.R.K. No possibility can be dismissed.

### Conclusion

In closing, let me make three points.

**First**, our friend and ally, the Republic of Korea, has shown remarkable restraint and statesmanship in the aftermath of this act of terror: the R.O.K. Government canceled its initiative allowing its officials to talk with North Korean officials, called upon other governments to condemn this international act of lawlessness, and is actively considering other diplomatic measures. Of equal importance is what the R.O.K. Government has not done:

s not rescinded its offer to share me of the Olympic events with the orth, and it has not called for violent aliation. The people and Government South Korea have responded to this ernational outrage with outrage, but o with restraint and dignity. We apud their prudence, objectivity, coure, and determination.

**Second,** we—the entire world comnity—must let the North know that one can or will tolerate acts of state rrorism like the destruction of KAL 8; the North Korean leaders must unrstand that they have no alternative t to abandon their confrontational d murderous approach to internanal affairs.

**Finally,** a word about the upcomg Olympics: the North cannot be alwed to disrupt them, whatever conraints are required. While the imary security responsibility for the mes lies with the R.O.K. authorities, e are working closely with them to sure that the games are safe. We are nvinced that the Seoul Olympiad will e one of the most successful Olympics nce their modern resurrection in 1896, true celebration of the international mmunity, in which we still hope the orth will find it possible to participate nstructively. Pyongyang need only andon its bloody and unproductive mpaign of terror.

[1]The complete transcript of the hearigs will be published by the committee nd will be available from the Superntendent of Documents, U.S. Governent Printing Office, Washington, D.C. 0402. ■

# U.S. Interests in the United Nations

*by Vernon A. Walters*

*Statement before the Subcommittees on Human Rights and International Organizations and on International Operations of the House Foreign Affairs Committee on February 25, 1988. Ambassador Walters is U.S. Permanent Representative to the United Nations.*

I am delighted to have this opportunity to appear before members of the House Foreign Affairs Committee to address issues of importance to the United States. The United Nations is engaged in a major way on key foreign policy issues where there is a strong consensus in the United States: getting the Soviets out of Afghanistan and the Vietnamese out of Cambodia, bringing peace to the Persian Gulf and a settlement in Cyprus, and promoting respect for human rights and fundamental freedoms. These are issues that will remain high on our list of foreign policy priorities for the rest of this Administration and beyond.

## Iran-Iraq War

The United States has supported the UN Secretary General's intiative to form a coalition at the United Nations determined to bring an end to the war between Iran and Iraq. A major step was taken last year: Security Council Resolution 598—adopted with the support of all Council members—not only orders the parties to end the war but defines the shared commitment of the international community to a settlement.

Following the adoption of Resolution 598, the Secretary General conducted intensive discussions, including two rounds of talks with Iran and Iraq, to seek agreement on ways and means to implement the resolution. While Iraq agreed to comply, Iran, despite deceptive signals to the contrary, has maintained its commitment to the path of war. In order to persuade Iran to comply with the resolution by agreeing to an immeditate cease-fire and withdrawal of its forces to the international frontier, the five permanent members of the Security Council are now actively working on a second resolution which would impose an arms embargo on Iran. The United States is urgently seeking passage of this resolution intended to enforce 598. Half measures—such as the proposal for a UN naval force in the gulf—are not workable. They would play into Iran's hands by addressing only one aspect of the conflict and by allowing the land war to continue unabated.

## Middle East

Throughout most of 1987, deceptive calm prevailed at the United Nations with regard to the Arab-Israeli conflict. The Security Council was focusing its attention primarily on Iran-Iraq. All of this changed with the sudden outbreak of widespread violence in the occupied territories in late November.

Between December 18 and February 1, the Security Council was in almost constant session on the occupied territories. Four separate resolutions were put to the vote. The United States supported one, abstained on two, and voted against the last resolution. Though our votes were different, our goals were the same: reduction of tension in the occupied territories, Israeli compliance with the fourth Geneva convention, and movement toward an overall peace settlement in the region. We voted for the resolution which seemed to further this policy, abstained on those whose impact appeared ambiguous, and voted against a resolution which would not have advanced those principles.

The Administration is working at present with the parties in an effort to agree on the substantive principles which should govern direct negotiations as well as on the procedural aspects of such negotiations. We are addressing short-term problems in the occupied territories as well as an overall peace settlement. We need to remember two things:

- The UN Security Council has played an important role on these issues by establishing Resolution 242 as the basis of all subsequent diplomatic effort; and
- At some point, the United Nations, and particularly the Security Council, may again have an important role to play in guaranteeing a just and durable settlement.

### Afghanistan

The United Nations has been working since 1982 to bring about a negotiated settlement in Afghanistan. UN-sponsored talks have shown considerable progress, progress purchased with the blood of Afghan resistance fighters. At the same time, the political costs to them of continuing the occupation in the face of near-universal international disapproval also figure in Soviet calculations. Nine UN General Assembly resolutions, adopted with ever-increasing majorities since 1980, underline Moscow's isolation on this issue.

I believe that the spotlight which the United Nations has focused on Afghanistan has played an important part in inspiring General Secretary Gorbachev's February 8 announcement. Gorbachev stated the Soviet Union's willingness to withdraw its forces over 10 months starting on May 15, provided that an agreement can be reached at the Geneva negotiations by March 15.

This announcement appears to have improved prospects for a settlement in Afghanistan. While important details remain to be worked out, we welcome Mr. Gorbachev's announcement as a positive sign of serious Soviet intent to withdraw from Afghanistan. The next big test will occur early next month when UN Under Secretary General Diego Cordovez undertakes a final round of negotiations with the Government of Pakistan and the Afghan regime in Geneva.

### 42d UN General Assembly

Let me turn to some of the most important developments at the 42d session of the General Assembly. Overall, U.S. interests advanced on several fronts in spite of massive withholding of our assessed contributions.

- Overwhelming record majorities demanded the withdrawal of foreign forces from Afghanistan and Cambodia despite strenuous efforts by the Soviet Union and Vietnam to gain support for their positions.
- Seventy-nine other member states—a record—voted with the United States to reject an effort to bar Israel from the General Assembly.
- U.S.-supported resolutions criticizing human rights abuses in Iran and Afghanistan obtained larger margins of support this year than ever before.
- Resolutions on human rights in Chile and El Salvador were more balanced than in past years, and the United States repeatedly criticized Cuba's deplorable human rights record.
- Important resolutions adopted by consensus included those uniting all countries in an effort to prevent and control AIDS [acquired immune deficiency syndrome] and strengthening international cooperation in the war on drugs through preparation of a draft convention against illicit traffic. The resolution on AIDS explicitly recognized that AIDS is a naturally occurring virus, countering Soviet propaganda that U.S. biological warfare was behind the epidemic.
- Protracted U.S. diplomatic efforts resulted in the near disappearance of explicit critical references to the United States—that is, name-calling—from General Assembly resolutions relating to apartheid and the Middle East. There was no name-calling in any of the Nambia resolutions.
- The United States and other Western countries defanged and then eroded support for the major Soviet initiative on international security, a vaguely worded but pernicious attempt to rewrite the UN Charter under the guise of a new "comprehensive system of international security."

Of course, there were disappointments as well. The General Assembly criticized the U.S. trade embargo against Nicaragua in a resolution seeking to isolate the embargo from the broader issues of Central America. It also adopted a Nicarguan-sponsored resolution demanding U.S. compliance with the International Court of Justice ruling on Nicaragua.

We were not able to obtain a resolution that we could support on the external debt of the developing countries. We withdrew our draft resolution on periodic free elections to avoid an implicit attack upon Israel.

While the assembly's resolution unequivocally reaffirming its condemnation of terroism met our principal objectives, it contained some language on self-determination susceptible to harmful misinterpretation. We voted aginst it.

Finally, the West found little support for its opposition to resolutions encouraging armed struggle in South Africa and designating SWAPO [South West Africa People's Organization] as the "sole and authentic representative of the Namibian people."

### UN Voting

You will soon be receiving my annual report to the Congress on voting practices in the United Nations. I have serious reservations about the methodolog used to measure coincidence of voting with the United States. That methodolgy, for example, does not adequately reflect the 56.4% voting coincidence with the United States on the 10 key issues at the 42d General Assembly. Nor does it take into account that 55% of all resolutions were adopted by consensus last year, up to 176 resolutions from 159 at the 41st General Assembly. This reflects an increasing tendency to work out agreements which are not acceptable to all members. Vote tallies alone are not si ficient to measure the results of the General Assembly. The increased coo eration, reduced rhetoric, and behind-the-scenes help which characterized tl 42d General Assembly are difficult to capture in statistics.

### UN Reform

An issue of paramount importance to the United States is the progress of administrative and budgetary reform. The reform movement started with di satisfaction voiced by the United Stat and other countries over the way UN funds were spent and the rapid growt of the UN budget in the late 1970s an early 1980s. A perception arose that "those who have the votes don't pay t bills, and those who pay the bills don have the votes." The Congress passec the Kassebaum-Solomon amendment 1985, calling for the withholding of 20 of our UN assessment until the Unite States and other donors were given a say over UN spending proportional tc their contributions.

In response to this and other strong signals from major donors, the United Nations established a group o experts, the Group of 18, which work during much of 1986 and proposed mc than 70 recommendations for administrative and budgetary changes. At t 1986 General Assembly, member cour tries accepted most of these recomme dations. The General Assembly also modified the budget process to includ consensus approval of the overall func ing level before the detailed budget i prepared. This procedure, in effect, gives each country a veto over UN spending and satisfies the intent of tl original Kassebaum-Solomon amendment. UN member countries understood that this budget reform would followed by a return by the United States to full payment of our assessment.

The implementation of the admin istrative and budgetary reforms has

n mixed, but substantial progress occurred in some areas. On the administrative side, the Secretary General has reduced UN professional staff almost the full 15% targeted for a 3-r period ending in 1989, and the reductions in clerical and support staff also well along. The United Nations also reorganized a number of major partments to eliminate duplication l to increase efficiency and has reed expenses for staff travel and contants by some 30%. The staff cuts l other economies allowed the General Assembly to adopt in December, the first time in UN history, a bud. for the next 2 years that is smaller real terms than its predecessor.

A key disappointment in the area reform is the inability of the UN's mmittee for Program and Coordination to agree on a budget ceiling and a ntingency fund for the 1988–89 bud. While the new process will begin er this year with the outline for 90–91, we had hoped to accelerate the ocess by a year. I must admit that e U.S. failure to pay even half of our N dues last year made other coun es unwilling to move the new process ward. The initial shock of our withlding created the impetus for reform, t reforms are unlikely to take full fect in an organization paralyzed by ancial instability.

As members of the committee are are, the President must determine at three specific aspects of the rms are proceeding acceptably before ny additional FY 1988 funds can be sbursed to the United Nations. The ecutive branch is currently reviewing ose three areas and will report to the ongress in the coming weeks. I have ready touched briefly on two of them, e staff cuts and the new budget procss, and I should also say a word about e third, the topic of seconded staff.

Secondment refers to a practice by hich governments "lend" their naonals to work at the United Nations r fixed periods of time. The Soviet nion and other East European couries have, since the UN's beginning d even before that time, seconded alost all of their nationals who work for ternational organizations. We believe at this contravenes the idea, embodd in the UN Charter, of an independnt international civil service whose rst loyalty should be to the organizaon. The practice, however, is not one at can be changed overnight, because any countries believe that the General ssembly should not dictate to member states the conditions under which their nationals must serve in the Secretariat. There are, however, signs of tangible change in the approach of the Soviet Union to this subject, and we will be reporting on such progress in connection with the presidential determination mentioned above.

### Conclusion

In conclusion, let me say that if the United States intends to use the United Nations as a serious arm of our foreign policy in Iran/Iraq, the Middle East, Afghanistan, and other areas, we must treat it as a serious institution. We can not continue to neglect our financial commitments to the United Nations and then expect that our opinions, policies, and positions will carry their former weight in the world body. The United Nations is not a perfect organization, politically or administratively, from the U.S. perspective, nor will it ever be. After all, the world is hardly a perfect place, so the United Nations can hardly be otherwise. It is the organization of 159 independent countries who gather to discuss problems and issues of common concern. We must work to improve the way it serves our needs, but with realistic expectations for the results that will be achieved. I assure all members of these subcommittees that, so long as I am your representative to the United Nations, we will continue to press hard for U.S. objectives, on reform issues as well as political issues, with the overall goal of advancing U.S. foreign policy interests in the world body.

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[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# Events in Panama

### WHITE HOUSE STATEMENT, FEB. 25, 1988[1]

We understand that President Delvalle today dismissed Gen. Noriega from his position as Commander of the Panama Defense Forces. At this time, we want to reiterate our unqualified support for civilian constitutional rule in Panama. There is but one legitimate sovereign authority in Panama and that is the Panamanian people exercising their democratic right to vote and elect their leadership in a free society.

### WHITE HOUSE STATEMENT, FEB. 26, 1988[1]

We condemn all efforts to perpetuate military rule in Panama, including efforts to remove President Delvalle from office. We want to reiterate our unqualified support for civilian constitutional rule in Panama. There is but one legitimate sovereign authority in Panama and that is the Panamanian people exercising their democratic right to vote and elect their leadership in a free society. We have also initiated a series of consultations to learn the views of other countries in the hemisphere with regard to this situation.

### WHITE HOUSE STATEMENT, MAR. 3, 1988[2]

The United States welcomes the statements issued by President Delvalle, Vice President Esquivel, and the political parties and National Civic Crusade of Panama favoring a government of national reconciliation. This is a blueprint for progress toward democracy in Panama. We support their goal of restoring democratic government and civilian constitutional order. Once this goal has been achieved, we will work cooperatively with the Government of Panama toward the recovery of Panama's financial and economic health. The United States remains committed to fulfilling its Panama Canal Treaty obligations, and we are prepared to resume working with the Panamanian Defense Forces under the treaty once civilian rule and constitutional democracy are established.

### WHITE HOUSE STATEMENT, MAR. 8, 1988[2]

The United States welcomes the statements issued by President Delvalle, Vice President Esquivel, and the politi-

cal parties and [National] Civic Crusade of Panama favoring a government of national reconciliation. This is a blueprint for progress toward democracy in Panama. We support their goal of restoring democratic government and civilian constitutional order. Once this goal has been achieved, we will work cooperatively with the Government of Panama toward the recovery of Panama's financial and economic health. The United States remains committed to fulfilling its Panama Canal treaty obligations, and we are prepared to resume working with the Panamanian Defense Forces under the treaty once civilian rule and constitutional democracy are established.

## ASSISTANT SECRETARY ABRAMS' STATEMENT, MAR. 10, 1988[3]

Today, as you know, Panama faces a political crisis with roots in charges of official corruption, fraud, undemocratic practices, and, most recently, of illegal involvement in narcotics trafficking and related criminal activities.

We believe these problems can only be resolved by supporting civilian constitutional rule and the legitimate Delvalle government.

### Recent Developments

Allow me to summarize recent developments.

On February 25, President Eric Arturo Delvalle ordered Gen. Manuel Antonio Noriega replaced. Noriega's civilian henchmen called the national Legislative Assembly into rump session and in 10 minutes took measures they claimed impeached President Delvalle and Vice President Esquivel. The same rump session of the national Legislative Assembly called upon the cabinet to elect a new president. At 3:30 a.m., Manuel Solis Palma was sworn in as Panama's Minister of the Presidency, the new (figure) head of state.

President Delvalle, however, refused to accept his "impeachment" or go quietly into exile. He stayed inside Panama to continue the battle against actions he believes violate the letter of the Panamanian Constitution and the spirit of democracy.

On February 26, the White House issued the following statement [for text, see above].

President Delvalle, the opposition political parties, and the National Civic Crusade, united in their disapproval of Noriega and to the Solis Palma presidency, called a nationwide general strike on February 29. The strike was successful, both in participation and in duration. It lasted for 4 days and during peak periods drew rates of participation as high as 80%.

In the United States, strong bipartisan support has been expressed for moves to restore democratic civilian government to Panama. In the view of the U.S. Government and the American people, President Delvalle is the lawful President of Panama.

On March 7, Panama's major opposition parties—Authentic Panamenista (PPA), Christian Democratic (PDC), and Nationalist Republican Liberal Movement (MOLIRENA)—issued a communique of support for President Delvalle and offered to join him in the formation of a government of national reconciliation. One member of the ruling Democratic Revolutionary Party (PRD) joined in this communique, and more are expected to follow.

### The Financial Situation

On March 1, President Delvalle issued a proclamation giving notice to those having dealings with the Government of Panama that all obligations owing the government should be made directly to the Delvalle government and not to the Noriega regime. Juan Sosa, Panama's Ambassador to the United States and one of the officials loyal to President Delvalle, took action under this proclamation to marshal and conserve assets of the Panamanian Government in U.S. federally insured banks. His directions to these institutions not to send funds from U.S.-based Government of Panama accounts to Panama and his initiation of actions in U.S courts to freeze Panamanian Government accounts have caused a severe shortage of cash in the Panamanian economy, which uses the U.S. dollar as its official currency. This has accentuated the political crisis.

Most businesses have ceased to accept credit cards or checks for consumer transactions. Pensioners and retirees received government annuity checks on March 4 but were initially unable to cash them due to bank closings. After demonstrations by the pensioners, the government acted to furnish *ad hoc* check-cashing facilities. More government paydays will materialize as the month progresses. In the absence of new cash infusions from some source, the fiscal and financial crisis will only worsen. The Delvalle government has, in fact, made a forma request to the U.S. Government to pa canal treaty obligations into an escrow account. We have this request under review.

### Narcotics Involvement

Panama's location and dollar-denominated banking system have made it a key transshipment point and money laundering center for drug traffickers.

In early February, Gen. Noriega and others were indicted by two Florida grand juries, in Miami and Tampa, on charges of profiting from drug trafficking and protection of traffickers; that was the final straw in a situation that had already been deteriorating dramatically.

### Panama Defense Force

Let me say in no uncertain terms that we bear no ill will toward the Panamanian Defense Force as an institution. fact, we have a great deal of respect f the notable accomplishments of the PDF. Civilian activists in Panama, an indeed, observers in the United State must remember the unique services that the Panamanian Defense Forces have provided in Panama's neglected rural areas. The past contributions of the PDF to national security and rur development and their potential for th future make the defense force a vitall important part of the fabric of Panam nian society.

Military leaders must, for their part, take immediate steps to remove their institution from politics, deal wi the corrupt few, and modernize the PDF to carry out military tasks in de fense of the canal. Deep military involvement in politics weakens the civilian and military institutions, just as it detracts from Panama's ability tc fulfill its crucial role in defense of the canal. In professional military matter the Panamanian military can continue to count on the full support of the United States. We believe that strict adherence to the canal treaties by bot partners is fundamental to Panama's democratic future.

### Conclusion

In Panama today, the issue is civilian government and democracy. Civil unrest, official corruption, denial of med freedom, and drug scandals have und mined the confidence of foreign investors and of users of Panama's heavily

vice-oriented economy. While the king sector is suffering most right w, larger interests are at risk. With pplete transfer of the Panama Canal e than 12 years away, and with the ernational transportation sector ergoing significant change, it is rical that Panama maintain the confi- ce of future users of the canal. It is exaggeration to say that today's is puts Panama's future on the line.

Despite the significant U.S. and er foreign interests there, Panama's rnal political problems are for Pan- anians themselves to resolve.

The best guarantor of Panama's tinued economic well-being is a sta- civilian constitutional government a professional apolitical military vice which enjoy the confidence and port of the Panamanian people. The S. Government is firmly committed supporting the forces of democracy Panama.

We are promoting dialogue among anamanians and the strengthening of ama's civilian political institutions. atever solution emerges from the sent crisis must make a place for all ments of society. And that includes Panama Defense Force, whose de- opment as a professional, apolitical litary establishment we support to- as in the past.

We will continue to seek ways to port democratic civilian rule in Pan- a, and we will continue to fulfill our sponsibilities under the Panama Ca- l Treaties. We are firmly committed continue to help this important end and ally in the Caribbean Basin its search for true democracy.

## RESIDENT'S STATEMENT, AR. 11, 1988[2]

e United States has had a long and utually productive relationship with nama. The people of the United ates consider the people of Panama to near neighbors and friends. The his- ric Panama Canal Treaties exemplify e close cooperation that has tradition- y characterized the friendship be- een the two countries which created e of the great engineering works of e human race.

Out of concern for our friendship, have been saddened and in- easingly worried in the recent years Panama's political crisis deepened. r policy with respect to the situation Panama is clear. We strongly favor a pid restoration of democracy and the resumption by the Panamanian Defense Forces of a role consistent with constitutional democracy.

In the present circumstance, I believe that Gen. Noriega would best serve his country by complying with the instruction of President Delvalle to relinquish his post. In so doing, Gen. Noriega would contribute very substantially to reducing political tensions and set the stage for a prompt transition to democracy in Panama.

Until such a time as democratic government is restored in Panama, the United States cannot proceed on a "business-as-usual" basis. Today, therefore, I have taken a number of steps against the illegitimate Noriega regime that will contribute significantly to the goal of a democratic, stable, and prosperous Panama.

I have directed that actions be taken to suspend trade preferences available to Panama under the generalized system of preferences (GSP) and the Caribbean Basin Initiative (CBI). Further in keeping with the spirit of our war against drugs, I have ordered that Panama be subject to intensified scrutiny by our immigration and customs services in order to apprehend drug traffickers and money launderers. Moreover because we recognize President Delvalle as the lawful head of government in Panama, I have directed that all departments and agencies inventory all sources of funds due or payable to the Republic of Panama from the U.S. Government for purposes of determining those that should be placed in escrow for the Delvalle government on behalf of the Panamanian people. In that light, I have directed that certain payments due to Panama from the Panama Canal Commission be placed in escrow immediately. This step is in complete compliance with our obligations under the terms of the Panama Canal Treaties. I am prepared to take additional steps, if necessary, to deny the transfer of funds to the Noriega regime from other sources in the United States.

We have welcomed the recent statements issued by President Delvalle, the political parties, and the National Civic Crusade of Panama calling for a government of national reconciliation. We support their goal of restoring democratic government and constitutional order. Once Panamanians achieve this goal, the United States is fully prepared to work with the Government of Panama to help quickly restore Panama's economic health.

The United States has been, and remains, committed to fulfilling faithfully its obligations under the Panama Canal Treaties. We are also prepared to resume our close working relationships with the Panamanian Defense Forces once civilian government and constitutional democracy are reestablished.

## SECRETARY SHULTZ'S NEWS BRIEFING (EXCERPTS), MAR. 11, 1988[4]

**Q. What is the total, cumulative effect of trade actions? In particular, what happens to funds generated by the oil pipeline?**

A. In the case of the oil pipeline, those funds are flowing into an account on which there is a temporary restraining order. So they are, in effect, frozen. That account is here in the United States. That's an action taken by President Delvalle, in effect, and is in place here in this country as one of the many consequences of the fact that President Delvalle very clearly and properly is recognized by us as the legitimate President of Panama.

Trying to add all this up is a little difficult because you've got some things that affect trade in some respects and some things that affect payments. I don't know that I can give an overall number. For example, the amount of trade affected by the withdrawal of GSP and CBI benefits is about $96 million a year. But just how to put a number on the impact of that, I don't know.

**Q. What effect do you think that this will have? What do you see the effect being, and what is the message to Noriega? Can he withstand this kind of economic pressure?**

A. In the fourth paragraph of the statement of the President—I'll just read it out. ". . . I have taken a number of steps against the illegitimate Noriega regime. . . ." That's a very strong word. What we think should happen is that he should leave Panama, and we want to see a return to civilian democratic rule. We also would expect to see the Panamanian Defense Forces resume an honorable and proper role in a constitutional system. They have an important and significant job to do.

There's a lot to work with in Panama, but Gen. Noriega has to get out of the way and the forces for democratic civilian rule take up. It's very encouraging, as the statement here says, that the political parties and the National Civic Crusade of Panama have been calling for a government of national reconciliation and giving general support to President Delvalle.

**Q. The President's statement says that he'll take further actions if necessary. What are his criteria for deciding when to take further steps?**

A. If there are further steps needed, he will take them.

**Q. But what would be that circumstance?**

A. I think it's better to leave a little uncertainty. But it's an evolving situation. There are additional things that no doubt we can do, and the President is saying that he will keep the situation under constant review.

**Q. What are the additional steps that would be first taken?**

A. I think we'll just leave that—

**Q. You said he should leave Panama. Do you mean Panama or power?**

**Q. What are the conditions that the United States wants to see achieved other than and beyond Noriega's departure? For example, any commitment to elections, or any procedure like that?**

A. We would expect that when Gen. Noriega leaves, President Delvalle will be able to assert his legitimate rights and civilian control of the Government of Panama will take up. The Panamanian Defense Forces will be able to resume a significant and honorable role in support of that constitutionally proper regime.

Beyond that, what happens? Of course, we are ready—and we are studying it now—we are ready to take up work with such a government, to do everything possible to restore economic health in Panama, the security of Panama, and so on—and getting the drug lords out of there, which is of very considerable importance. So those are things that we're prepared to do, and then they will want to have another election, of course, which is something that will come along. But there is no plan for that.

**Q. If Gen. Noriega accedes to your demand and leaves the country, what will the U.S. Government do then in terms of pursuing the indictments that have been returned against him by two federal grand juries?**

A. He has been indicted in this country, and I am sure the Justice Department intends to prosecute him if we can. That's our position.

**Q. So why should he accede to your request then?**

A. He ought to be thinking a little bit about the good of the people of Panama. That's one reason.

**Q. Could you comment on the suggestion by some critics that the strategy of the United States contributing by the cash squeeze may turn Panamanians against the United States and may give the general an opportunity to fan anti-American sentiment.**

A. What seems to be evident is a clear recognition on the part of Panamanians that the source of the trouble is Gen. Noriega, and things that are being done by him illegitimately is what is drying up the funds.

I want to point out that President Delvalle is the legitimate president. Noriega is, in effect, trying to pull off a military coup against a civilian government. President Delvalle has recognized and he has taken certain steps to deny the coup effort these funds. By and large, as far as I can see, in the general spirit of things that effort on his part is being supported.

**Q. Since you've talked about this as a virtual coup, are we putting our troops down there on any special alert? Are there any plans for any military duties down there beyond the normal ones?**

A. We have normal military dispositions there. It is, of course, the responsibility of the United States to operate and provide for the security of the canal. And to that extent, we have troops down there. We have SOUTHCOM [Southern Command] down there. We conduct exercises from time to time. This is all part of the normal routine, and that normal routine is in place.

**Q. No new exercises?**

A. No new exercises.

**Q. Can you assess the Panamanian economy and gauge how much of a blow this will be—these sanctions?**

A. There are two different kinds of things that are involved here. One is the cash squeeze, and that does have some effect on the economy, but it also has an effect, kind of, on the immediate ability to manage things.

Then you have the economy more generally, and you can see that we ha stayed away from the idea of some so of broad trade embargo. We're anxiou to see Gen. Noriega get out of there. We don't want to punish the Panamanian people. We're for the Panamania people. For that matter, we're for the Panamanian Defense Force. So we're trying to, very carefully and deliberately but strongly, take actions that a focused in on things that we think wil make a difference, and to be very cle about our objective, which we're bein

**Q. Are the people down there who work for the U.S. Government and our troops, are they getting the pay—they could cash their checks—and is it true that the Panamanians who work for the United States wh have to go to banks in Panama cannot cash theirs?**

A. The ability of people in Panar to cash checks is a function of what's happening to their banking system. And it is having its troubles, to put i mildly. Exactly who is able to cash what, I can't say for sure at this poir But it does vary somewhat.

**Q. Isn't this going to make a mob scene with the people down there, and wouldn't that make our 40,000 Americans down there be in some danger?**

A. The people of Panama, from every indication we can see, support President Delvalle in his effort to ge Gen. Noriega and his association wit drug running out of the country. Anc that extent, I think that we are on th same side.

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**Q. How deep do you feel or doe the government feel corruption run in the Panama Defense Forces? Anc do you feel that the top echelons there need to be flushed out along with Noriega?**

A. I don't want to try to comme on the Panamanian Defense Forces g erally, other than to say that it is a strong and honorable force, it has a s nificant and proper role to play, and want to see it play that.

As far as our evidence is concerned, we have evidence that's very powerful to indict Gen. Noriega, and that's what we have done and it's bee done with great care. From all that I can understand from talking to Attorney General Meese about it, the e dence is really there.

**Q. On the subject of the defense ces, though, reports coming out of ama indicate that, to a large ex- , the defense forces continue to d behind Noriega. What evidence you point to that the pressure ught to bear up to this point is ing any effect where it counts the st within the defense forces.**

A. I wouldn't say that it counts st. It does count there. But in the , the feelings that people—us ordi- y, everyday people throughout our ntry—feel are what counts, and ve seen that in place after place und the world. We'll just have to see views. What I'm saying here—this t just the United States. We happen e especially involved because we e a responsibility for operation of canal and because we've had a long- e association with Panama—a ndly one—that will continue.

But the views that we have of at's happened in Panama are shared over the world. For example, when were over at the NATO meeting, I ke to my friends in the European mmunity. They just had a meeting h the Central American groups, and y excluded Panama from the meet- . They wouldn't let them be there. ey've been suspended from the Con- lora group and so on. And there are umerable segments about that that I ld read off to you that have come m different countries about this.

So there is a great concern roughout Latin America and Central nerica that we identify an effort at a ilitary coup for exactly what it is and at we come out strong and swinging r civilian democratic rule, and that's at we're doing, and it's the right ing to do.

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[1]Text from Weekly Compilation of esidential Documents of Feb. 29, 1988.

[2]Text from Weekly Compilation of esidential Documents of Mar. 14.

[3]Statement by Assistant Secretary for ter-American Affairs Elliott Abrams be- e the Subcommittee on the Panama Ca- l Treaties and the Outer Continental elf of the House Merchant Marine and sheries Committee. The complete tran- ript of the hearings will be published by e committee and will be available from e Superintendent of Documents, U.S. vernment Printing Office, Washington, C. 20402.

[4]Press release 42 of Mar. 14. ■

# Sandinista Offensive

**DEPARTMENT STATEMENT, MAR. 15, 1988[1]**

Over the last 2 weeks, it has become apparent that the Sandinista army has been preparing for a major offensive against the Nicaraguan resistance. Based on what we now know, this would appear to be the largest offensive we have seen the Sandinistas undertake. Large numbers of troops, equipment, and supplies are being concentrated in the Bocay region. This is apparently what Daniel Ortega had in mind when he announced on March 8 that the resistance "should prepare itself for another heroic drive" by the Sandinista forces.

In terms of details, based on what we now know, there are a total of 12 combat battalions deployed in the area of the Bocay Valley. If these battalions are at full strength, that could amount to something on the order of 6,000 troops. These battalions are supported by at least 10 Soviet MI–17 helicopters. The Sandinistas have established a new base for this operation at Bonanza. This base is a command and control logistic support and intelligence center. The Sandinistas have diverted a significant portion of their scarce gasoline supplies to fuel the helicopter sorties required to support this force.

Since the February 3 vote to terminate aid, resistance units have begun to fall back toward border areas. The resistance position is difficult. Its forces must defend what is left of their supplies, which means that they cannot use normal guerrilla tactics to disperse and escape superior Sandinista firepower and manpower being brought to bear on them.

This offensive is being prepared even though the resistance accepted Sandinista terms for the cease-fire talks scheduled to resume March 21 in Sapoa, Nicaragua. Rather than pursuing these talks as a way of ending the fighting in Nicaragua, the Sandinistas are preparing an effort to destroy militarily the weakened Nicaraguan freedom fighters.

This effort is supported by Soviet aid to the Sandinistas which continues unabated. In January and February of this year, over 3,000 metric tons of military equipment were delivered, by our estimates.

We call upon the Nicaraguan Government to negotiate in good faith an end to the prolonged bloodshed in Nicaragua. We urge the U.S. Congress to approve expeditiously a meaningful program of assistance for the Nicaraguan freedom fighters.

**DEPARTMENT STATEMENT, MAR. 16, 1988[1]**

The Sandinista army has introduced troops into Honduran territory in considerable numbers in conjunction with its attack on Nicaraguan resistance forces along the Nicaragua-Honduras border. In response to this dangerous situation created by the Sandinista attack, appropriate U.S. actions are now under consideration in consultation with the Honduran Government. The United States will honor its commitments to the Government of Honduras to assist it in defending its national sovereignty and preserving its territorial integrity. The United States also has a longstanding commitment to the freedom fighters of Nicaragua.

Concerning the details, the Sandinistas' primary objective appears to be to destroy resistance supplies, which are stockpiled in this area. These supplies represent a large portion of the military equipment remaining in the hands of the resistance, and their loss would be a very severe blow to the resistance.

The resistance forces engaged in this unequal battle are in a desperate situation. Several strategic points, including two airfields, have fallen to Sandinista forces. If the Sandinistas can maintain their momentum, it is very likely that other key resistance positions in the Bocay Valley will also be overrun. The resistance is fighting a superior Sandinista force, estimated to be on the order of at least 1,500 inside Honduras and another 4,500 in the Bocay region. In addition, the Sandinistas are bringing to bear much superior firepower, including aerial bombardment from Soviet-supplied AN–26 aircraft, close support from artillery and rockets, as well as Soviet MI–25 so-called flying tank attack helicopters.

This action in the Bocay is the most important part of what is, however, an even wider Sandinista effort to destroy the resistance. There is also a multiple battalion operation underway in the vicinity of Bonanza.

### WHITE HOUSE STATEMENT, MAR. 16, 1988[2]

In light of the significant cross-border incursion by Sandinista armed forces into Honduras from Nicaragua, and at the request of the Government of Honduras, the President has ordered the immediate deployment of an infantry brigade task force consisting of two battalions of the 82d Airborne Division from Ft. Bragg, North Carolina, two battalions from the 7th Infantry Division at Ft. Ord, California, plus supporting units, to Palmerola Air Force Base in Honduras for an emergency deployment readiness exercise.

In addition to its value as a test of the proficiency of our military units, this exercise is a measured response designed to show our staunch support to the democratic Government of Honduras at a time when its territorial integrity is being violated by the Cuban and Soviet-supported Sandinista army. This exercise is also intended as a signal to the governments and peoples of Central America of the seriousness with which the U.S. Government views the current situation in the region.

The duration of this exercise has not been decided. The brigade task force will not be deployed to any area of ongoing hostilities.

### SECRETARY SHULTZ'S STATEMENT, MAR. 17, 1988[3]

Last night the President decided to send two battalions from the 82d Airborne Division and two battalions from the 7th Infantry. The airborne division is located at Fort Bragg, North Carolina; the infantry division at Fort Ord California. Altogether, this involves about 3,200 men. All of the forces involved are light infantry; that is, there no artillery.

The deployment, we expect, will b essentially complete by midnight on Thursday, all deploying to the Palmerola Air Base. That's about 125 mile away from the area of fighting, and it' near Tegucigalpa. The troops will take part in exercises that are something that's on-going. But they are sent in response to a Nicaraguan troop movement into Honduras and in response t most particularly, a request from the President of Honduras. So that is wha the President did. Let me just now re view, sort of chronologically, what too place and then state some of the view of leaders [in the region].

Chronologically, what we have ob served and seen is that beginning around the 1st of March, and carrying on for about a week and a half, we observed what seemed to be Sandinis preparations for an offensive. They were moving supplies, vehicles, heavy equipment into the Bocay Valley. We were, obviously, aware of this, as wer the freedom fighters and the Hondurans. We could see that a command and control center was being established in Bonanza, a town in Nicaragu about 45 miles southeast of the Bocay Valley.

On the 8th of March, Mr. Ortega announced "a heroic drive" against th resistance.

On the 9th of March, the Sandinistas deployed some 360 troops into the Bocay Valley in 18 helicopter sorties. Scarce petroleum reserves—that is, they don't have a lot of petroleum reserves in Nicaragua—but they released these petroleum reserves for o erations. And we could see there wer tight communications security laid on

On the 10th of March, there were contacts between the Sandinistas and the freedom fighter patrols inside Nic aragua—as they patrolled, they could feel each other's presence.

On the 15th of March, we had reports from the freedom fighters of heavy fighting, some Sandinista troop inside Honduras. We had reports of continuous bombing of Honduran territory by Nicaraguan AN-26 aircraft. Two airfields—resistance airfields—th are located on the border area were

## Nicaraguan Resistance and Sandinistas Reach Agreement

### SECRETARY'S STATEMENT, MAR. 24, 1988[1]

Yesterday the leadership of the Nicaraguan resistance met on Nicaraguan soil with members of the Sandinista regime and reached an agreement that calls for:

- Cessation of all hostilities beginning immediately and extending 60 days after April 1st;
- High-level negotiations April 6 in terms of a definitive cease-fire;
- Arrangements for phased amnesty;
- Respect for freedom of speech in Nicaragua;
- Measures for political dialogue and full political rights; and
- Measures for verification of this agreement.

This agreement is the product of the determination and sacrifice of the freedom fighters through years of struggle, including their heroic resistance last week to a Sandinista offensive designed to destroy them. Their strength and perseverance have created this opportunity for peace and freedom. We consider this agreement to be an important step forward.

There is much work to be done to take full advantage of this opportunity. The agreement provides for continued aid to the freedom fighters, but there is no aid. Congress should provide that aid immediately, before the Easter recess, to sustain the freedom fighters while these negotiations continue.

We will be consulting with the freedom fighters and with the four democracies on how the United States can best further the prospects for peace and freedom in Nicaragua. Others must also play a positive role. Just as the cease-fire agreement does not envisage any further U.S. military assistance at present, so is there absolutely no excuse for any further deliveries of arms from the Soviet Union, Cuba, or the Eastern bloc to Nicaragua.

Yesterday's agreement provides that negotiations will resume in Managua on April 6. The return to Managua of the leadership of the Nicaraguan resistance will mark a triumph for their cause.

The United States will continue our relentless effort for peace with freedom in Central America.

[1]Press release 50, which also includes a question-and-answer session with reports. ■

ized. President Azcona was alarmed this, of course, and he called Presi- nts Duarte and Cerezo and also tega to tell them to withdraw Nic- uguan troops from Honduras or face consequences.

On March 16th, the reports that we d—and all intelligence reports of this d, they are not precise, we can't ear by a given number, but the range the estimates seemed to be pretty nfident about it—was that we saw a esence inside Honduras of somewhere the neighborhood of 1,500, or per- ps as high as 2,000, Sandinista ops. And this posed a critical situa- n for the resistance because they re basically outmanned and, of urse, outgunned, as there were not ly the AN-26 aircraft but also the avily armed helicopters being used to pport the Sandinista troops.

At 11 a.m. on March 16th, the Hon- ran Foreign Ministry issued a state- nt about fighting on the border, and esident Azcona told our ambassador, nbassador Briggs, as he had heard ople say that there was no such ovement into Honduran territory, he id that was absurd.

At 3 o'clock in the afternoon, Or- ga made a radio address in Nicaragua d denied that Nicaraguan troops had ossed the Honduran border. I might y that the Speaker [of the House Jim right] informed us yesterday that he as called by the Foreign Minister of icaragua, who told him that the oops were withdrawing. You never now who to believe.

At 4:45 [p.m.] the Honduran Super ysteres conducted a reconnaissance of e Bocay area.

At about 5:15 in the afternoon, mbassador Briggs met with President zcona, General Regalado, and Foreign inister Lopez. President Azcona gave Ambassador Briggs a letter request- g U.S. assistance and instructed For- gn Minister Lopez to send a stiff rotest to the Sandinistas.

We had, of course, been following is situation closely and had brought embers of the Congress up-to-date in arious meetings as best we could. I ould have to say that no matter what ou describe, people shake their heads nd say, "I don't believe you. This isn't . We have other reports," and so on. evertheless, we tried to describe the tuation as accurately as we could as e went along.

We've had meetings with the President. Our so-called policy review group of senior people met at the White House yesterday in the late afternoon. At 6:45 p.m., Ambassador Briggs called in to report the results of his meetings with the President of Honduras and his associates. And we had various other reports from people in the region.

And in the light of President Azcona's request and developments in the region, of the clear statements in the Rio pact and the various UN and OAS charters, the President responded to President Azcona's request. And the response was the action, or one of the responses was the action that I outlined to you. These troops are there. They are lightly armed. They will take part in an exercise. They are not near where the fighting is taking place.

But they are designed to say to the Government of Honduras that we are your friend, and we stand with you. And if you are invaded, you can count on the United States. And it's also—it tends to get people's attention to something that's happening in the Central American region that we feel is wrong. Now we're not the only people who feel that it's wrong, and I will not try to go through what everybody has said, but I have two things that I would like to read out to you.

One is a communique issued by the Foreign Ministry of Honduras giving their view of the situation and the other is a statement by President Arias of Costa Rica. First, I'll read the Honduran statement. This is a translated text of what they issued:

> The Honduran Foreign Ministry informs the national and international public about the incidents that have occurred at the border between Honduras and Nicaragua in the Bocay area in the Olancho Department.
>
> On 15 March, the Honduran Armed Forces informed the president of the republic about the violation of the national territory by EPS forces [Nicaraguan forces]. Several hundred EPS forces entered Honduran territory, supported by artillery and airplane and helicopter bombing.
>
> In an effort to prevent a deterioration of the border situation, the President contacted President Ortega, demanding that he order his troops to refrain from violating Honduran national territory and withdraw the military units that have invaded Honduras.
>
> The President also contacted Jose Napoleon Duarte, Vinicio Cerezo, and Oscar Arias Sanchez to ask them to demand that the Nicaraguan Government stop its aggression against Honduras and withdraw its troops from the border region.
>
> On the same day, 15 March, after making these telephone calls in an effort to safeguard the security of Honduras, President Azcona addressed a letter to the U.S. President, informing him of these incidents and asking him for his solidarity to reject the violation of Honduran territory.
>
> In view of the fact that the military action in Honduran territory by the EPS is an act of aggression, President Azcona, based on a special relationship of security existing between the United States and Honduras and based on the international mechanisms for collective security, felt compelled to ask the U.S. Government for the effective and immediate assistance needed to preserve the country's sovereignty and territorial integrity.
>
> On 16 March, the U.S. Ambassador in Tegucigalpa, carrying out specific instructions from his government, reaffirmed his country's commitment to support Honduras and to supply all the aid that our country may need to defend national sovereignty.
>
> The Foreign Ministry presented to the Nicaraguan Government its most vigorous protest over the aggression that was carried out, demanding the immediate withdrawal of the invading troops, and warning the Nicaraguan Government that it would adopt the necessary measures to exercise its right to legitimate defense, established in Article 51 of the UN Charter.
>
> Honduras deplores the Nicaraguan Government's insistence on jeopardizing the effort to resolve its social conflict through the use of international violence with the incidents that occurred on the border.
>
> Tonight the President of the republic again talked with the Nicaraguan Government, an occasion he used to reiterate the urgency of withdrawing the Sandinista troops from Honduran territory and to inform him about the measures that the Honduran Government has implemented to safeguard its sovereignty and territorial integrity.

That is a press release of the Honduran Foreign Ministry.

This is a statement made by President Arias last night:

> This is an arrogant attitude, regardless of whose it is, to try to bring the other party to the negotiating table on their knees, to obtain a greater advantage in negotiations.
>
> For me, I am convinced that negotiation and dialogue are the best solution and that at the negotiating table, both sides have to compromise to reach a cease-fire.
>
> I can't view favorably the kind of action which is being carried out, which removes us further from the possibility of dialogue. It puts in danger the plans for the meeting of March 21–23, which was already confirmed. It puts [them] in danger because I no longer know what is going to happen, whether it will take place or not.

I just had the opportunity to say this personally to Daniel Ortega. I also had the chance to speak with Cerezo this morning. I told them my concerns. Later I spoke with President Azcona and [Shultz said, "I think this is the thing to focus on."] if it is confirmed that Honduran territory and the sovereignty of the Honduran people have been violated by Sandinista forces, ["And all of our intelligence is that that is so," Shultz interjected."] then Costa Rica must necessarily condemn this act categorically and vigorously.

Costa Rica believes that in the respect for international law and national sovereignty lies the security of every nation in the world; therefore, if Honduran territory has really been invaded by Sandinista forces, I condemn it.

This is not the moment for a military strike to finish off the enemy.

That's the quote from President Arias.

So it's a serious situation. And it is not the first time that Nicaragua has sent troops into Honduras. We have always reacted, as has the Government of Honduras reacted, strongly to such troop movements.

In this case, it is particularly highlighted by the fact that there is supposed to be a peace process going on. And back in July, all of the parties signed the Esquipulis agreement that had, at least as it's stated objective, the bringing about of democratic patterns of government in all of the countries and called for negotiated cease-fires and movements in the direction of peace. And that was confirmed and elaborated. And the Nicaraguan lack of compliance was highlighted by the other four presidents in the meeting in San Jose in January.

So gradually, we have seen an effort to put together cease-fire talks and they have gone on and off. The Government of Nicaragua has not chosen to do it until recently, although the resistance has been ready for a long time. And so at least there has been an effort to construct an environment, moving toward peace.

I think the putting of troops into Honduras by Nicaragua under those circumstances, as you can see, has shocked President Arias, as it has many other people, including us. That's basically the situation, and I think it is a very serious one. Obviously the vote in our House of Representatives to deny further assistance to the freedom fighters has dealt them and, in my opinion, the cause of freedom a very serious blow. Nevertheless, we have to struggle with what we have and not in any way give up on the importance of security and prosperity and the rule of law and democracy in our area and throughout Central America.

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[1]Read to news correspondents by Department spokesman Charles Redman.

[2]Text from White House press release.

[3]Made before the Senate Budget Committee. The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# The U.S.-Cuba Migration Agreement: Resolving Mariel

*by Kenneth N. Skoug, Jr.*

*Address at University of Virginia Law School in Charlottesville on March 9, 1988. Mr. Skoug is Coordinator for Cuban Affairs.*

Last November 20, the United States and Cuba agreed to resume implementation of the one agreement which they have reached in the past 8 years: the U.S.-Cuba Migration Agreement of December 14, 1984, the so-called Mariel agreement. This agreement provides that migration from Cuba to the United States will be "normal"—the same in legal principle as migration from any other state to the United States. It may shape immigration from Cuba to the United States for many years to come.

The story of this important agreement begins in 1980 when, starting in April of that year, 125,000 Cubans came unlawfully to the United States in an event known to history as the Mariel boatlift. But the roots go back to January 1, 1959, when a revolutionary regime took power in Cuba—a regime which destroyed the social consensus in that island nation so close to our shores. The Cuban revolution, like the seizure of power by the communists in many countries of Europe, led to the flight of a substantial portion of the population. What was singular about the case of Cuba is that the overwhelming majority of those alienated by the new regime chose to flee to the United States.

A second singularity of that revolution is that the Castro regime in Cuba while on the one hand declaring illegal departure from Cuba to be a serious crime punishable by sentence to prison also has used emigration as a safety valve to rid itself of persons who, because of their negative attitude towards communism, did not fit into post-1959 Cuban society.

Twenty years into the "new Cuba" there occurred an event called "The Dialogue," when representatives of some of the three-quarters of 1 million Cubans who had fled Cuba for a new life in the United States returned to their homeland. It was agreed that some of those who had fled could go back to visit Cuba. The authorities in Havana agreed to this because of the need for the dollars that the returning expatriates would bring. They did not sufficiently foresee the effect which these persons would have on their relatives and friends who had stayed behind. The visitors were living in freedom and comparative affluence. Their hosts quickly perceived the difference. The effect was to heighten the social tensions which already existed in communist Cuba.

In April 1980, a group of Cubans broke through the barriers outside the Peruvian Embassy in Havana and took refuge within. When Fidel Castro, misjudging the situation within the country, pulled off the Embassy guards, the response was overwhelming. Overnight there were 10,000 persons on the Embassy grounds.

### The Mariel Boatlift of 1980

While several countries, the United States included, sought to organize a manner in which the 10,000 persons in the Peruvian Embassy grounds might be distributed abroad on a rational basis, Fidel Castro struck back in the form which had been characteristic since 1959. He directed the flow of the dissidents to the shores of his enemy, the United States, declaring the port of Mariel, about 20 miles west of Havana, open to anyone who wished to leave Cuba. Again the response was overwhelming. There were hundreds of

usands, perhaps millions, of Cubans ) were sufficiently alienated by the tem that they wanted to leave Cuba manently.

In fact, not everyone wanting to e was permitted to do so. Many a ily was divided arbitrarily by deci- n of the Cuban authorities. More portant, however, the Cuban Govern- nt invited the occupants of Cuban sons and mental institutions to join exodus. Boat captains arriving from United States at the port of Mariel re not permitted to choose their pas- gers. They were ordered to take sons whom the Government of Cuba nted to see come to the United tes. Under these circumstances it s no surprise that of the 125,000 per- s who arrived in the United States 1980 from the port of Mariel, more n 10% admitted to having committed ne criminal offense in Cuba.

The Mariel boatlift put the tradi- nal receptivity of the American peo- toward those fleeing despotic vernments, particularly communist imes, to a severe test. While the otic exodus from Mariel did severe mage to the reputation of the Castro gime after more than two decades in wer, it also placed heavy social bur- ns and expenses on American society, pecially in south Florida.

### e "Excludables"

side from the problem of stopping the atlift, which continued until the au- mn of 1980, the most serious issue hich the United States and State and cal authorities had to confront was e question of what to do with the rsons who had admitted to commit- ng crimes, many of them serious, in uba. In essence, there were three oices: keep them indefinitely in de- ention, release them into American so- ety, or insist that Cuba take them ack. There were problems associated ith all of those choices.

Since it was infeasible, and gener- lly undesirable, though not unlawful, detain illegal aliens indefinitely, the verwhelming majority of persons who dmitted committing crimes in Cuba ere released, so that by 1988 only one- enth of 1% of the entire 125,000 were till in confinement for crimes which ey had committed in Cuba. Yet many f those who were released committed ew offenses in the United States. tate and local jurisdictions began pro- ressively to complain about the new arrivals and their relationship to rising crime rates in their jurisdictions. They sought to return these individuals as quickly as possible to the custody of Federal authorities on the grounds that the Federal Government had been responsible for letting these individuals enter the country and go free into U.S. society. As the number of persons detained for crimes in Cuba diminished, the number detained for crimes in this country increased.

The third solution was to return the excludables to Cuba. Putting aside some romantic notions of forcibly returning these individuals to Cuban shores, it was evident from the outset that such a return would have to be with the consent of the Cuban Government, which was firmly opposed to such an outcome: the United States, it said, wanted "scum," and "scum" was what it would have.

The first negotiating effort to return these persons, known as the "Mariel excludables," was begun by the Carter Administration in December 1980. The Cubans consented to negotiate, but they asserted that they would take back persons only on a case-by-case basis and only if these persons were returning voluntarily. They made it clear that they meant to use the case-by-case basis to reject anyone they did not wish to see again in Cuba. Few, if any, would have returned voluntarily. This would not have solved the issue, and the talks failed. It seems likely that the Cuban side, having rid itself of 125,000 persons undesirable by its own peculiar standards, felt that it was in a strong bargaining position. It doubtlessly wished to see if the incoming Reagan Administration would be obliged to accept terms that its predecessor had rejected.

The response by the new Administration in Washington was to enforce the sanctions provided by U.S. immigration law against Cuba's refusal to accept back the Mariel excludables. In such circumstances Section 243(g) of the Immigration and Nationality Act directs that the United States will suspend issuance of visas in a country refusing to accept back its nationals upon U.S. request. It states:

> Upon the notification by the Attorney General that any country upon request denies or unduly delays acceptance of the return of any alien who is a national, citizen, subject, or resident thereof, the Secretary of State shall instruct consular officers performing their duties in the territory of such country to discontinue the issuance of immigrant visas to nationals, citizens, subjects or residents of such country, until such time as the Attorney General shall inform the Secretary of State that such country has accepted such alien.

This policy was subjected to criticism on both legal and humanitarian grounds. Some felt that section 243(g) would apply only if the Attorney General formally advised the Secretary of State of what he already knew: that Cuba was refusing to accept the excludables, an action he took only in 1983. Others argued that the Cubans in the United States wishing to bring their relatives here with immigrant visas should not be deprived of the opportunity because the Cuban Government refused to take back the excludables.

The larger issue here was how are the borders of the United States to be protected, not merely from a sudden and irregular flow of immigrants from a country less than 100 miles away, but how could Cuba—or perhaps someday another country—be prevented from sending common criminals at any time it might choose. In convincing the Cuban Government to reach a reasonable settlement, we had to develop and use effective bargaining chips. In this case the provisions of U.S. law were helpful, although hardly decisive standing alone.

### The Road to New York

The negotiating phase in the Reagan Administration began in May 1983 when we handed the Cuban Interests Section in Washington a list of persons whom the Immigration and Naturalization Service (INS) had identified as Cuban nationals excludable from the United States on substantive grounds: that is, they had committed serious crimes in either Cuba or the United States or suffered from serious mental disorders. Had these persons applied for immigrant visas in the normal way, they would have been refused under provisions of U.S. immigration law. The Cubans were told that once they had taken back these persons, there would be other lists. Once all the excludables had been accepted back in Cuba, we would resume normal processing of immigrant visas in Havana. There was no positive Cuban response to this demarche, but diplomatic correspondence followed until the Grenada rescue mission of October 1983 put a temporary halt to it.

Early in 1984, the United States proposed talks with the Cubans on the migration issue. The Cubans refused to negotiate but did say that they might be prepared to discuss the issue after the U.S. national elections in November. This attitude was curiously similar to the Cuban position at the close of the Carter Administration, when an agreement was rejected while Havana waited to see what the new U.S. Administration might do.

In June 1984, however, the Rev. Jesse Jackson announced that he planned to visit Cuba to meet Fidel Castro. The Department of State offered to brief Jackson or his representative about Cuba. During a discussion with a Jackson representative, who inquired how Jackson might be able to serve U.S. interests in Havana, we referred to the migration issue as one urgently in need of solution, particularly because of humanitarian considerations. We also urged that Jackson bring again to Castro's personal attention the need to release the hundreds of very long-term political prisoners who were still being detained under appalling conditions in Cuban jails. Jackson did raise these issues. He returned with some long-term political prisoners whom Fidel Castro, following his customary practice, had "released" to Jackson. He also returned with a curiously formulated Cuban assent to discuss the migration issue if both major U.S. political parties agreed to the proposition. Apparently, the Cubans imagined that this subject was somehow going to be a campaign issue in the United States.

We immediately again formally proposed talks with Cuba in New York City. The Cubans accepted. The talks began in July but did not culminate until December 1984, and not until after the fall presidential elections did the Cubans demonstrate that they were seriously interested in an agreement that would be acceptable to the United States. The negotiating process was detailed, intense, protracted, and conducted in a businesslike manner. The resulting agreement was the product of a firm and carefully prepared U.S. position but also benefited from some very skillful bargaining by the principal U.S. negotiator, Deputy Legal Adviser Michael G. Kozak. The Cubans at the outset were occasionally polemical, but as talks advanced, they became highly realistic and decidedly unemotional. The main elements of the Migration Agreement signed on December 14, 1984, were:

- Cuba would take back, at the rate of up to 100 per month, 2,746 persons on a list of excludables developed by the Immigration and Naturalization Service. The names had been reviewed on a case-by-case basis by the Cubans, who agreed to accept all the persons on the list. It was recognized by both sides that very few, if any, of the 2,746 would return voluntarily to Cuba.
- The United States would immediately resume issuance of preference immigrant visas in Havana, and Cuba would henceforth be treated like every other country in so far as immigration was concerned. The Cubans had originally sought to obtain a specific quota but came to recognize that U.S. immigration law did not permit this.
- The United States agreed to accept up to 3,000 former political prisoners and their families in fiscal year 1985, with a commitment to continue the program in future years, subject to U.S. law. The Cubans explained that these persons had committed no crimes other than "crimes against the state" and noted that they did not fit into Cuban society. This provision was consistent with the U.S. tradition of humanitarian help toward the victims of oppression.
- Cuba agreed to the unilateral enhancement of the staff of the U.S. Interests Section in Havana in light of the increased consular work which would be a result of the agreement.

During the negotiations, the foremost U.S. objective was to get immigration relations with Cuba on a regular, sustainable track. The periodic waves and suspensions of migration that characterized U.S.-Cuba relations since 1959 were not in our interest or, for that matter, in that of Cuba. We wanted a regular flow of people who have the highest priority for us—those with relations in the United States and/or former political prisoners—and not priorities set by Castro's decision as to those whom he wished to be rid of, in this case common criminals. A regular flow is also important so that people can be absorbed into U.S. society without imposing heavy burdens on local communities.

One essential specific objective in establishing normal migration was to get Cuba to take back the excludables, who by the time of the negotiations were already costing the Federal Government alone an estimated $40 million per year merely for their incarceration. This obviously did not include costs incurred by State and local authorities, as well as the social costs of the victi of their crimes. This would also serve as a warning that future Mariels wou also be costly to the sender, which would have to accept back persons w committed crimes of a serious nature Hence they would have good cause to respect U.S. immigration laws and pr cedures in the future. In return, the United States was willing to restore normal migration from Cuba and to s a refugee program established for for mer political prisoners.

Cuba, on the other hand, wanted strongly to get the onus of the Marie boatlift behind it. The Cubans had pa a heavy price of their own in loss of respect even among the relatively sm percentage of the U.S. population which had been inclined to favor clos U.S. ties to Cuba. In financial terms 4½ years after legal emigration from Cuba was largely cut off, Cuba also needed to reopen the safety valve to get rid of potential dissidents and to transfer elderly Cubans (who made u many of the immigrants) to the care their relatives in the United States o the social welfare roles of Federal, State, or local authorities in this country.

### Implementation: Five Months and Six Days

The U.S.-Cuba Migration Agreemen was a decidedly popular one, judging by the usual test of popular satisfact with American diplomacy: there was very little criticism.

Non-Hispanics in south Florida were concerned at the prospect of a new flood of Cuban immigrants, a co cern fanned by newspaper articles e aggerating the likely flow of persons A few Cuban exiles complained that th United States had negotiated with Cuba rather than having simply acte unilaterally. This overlooked the fact that the return of the excludables to Cuba would have been impossible wi out Cuban consent, if for no other re son than the likely attitude of U.S. courts toward the forcible return of t excludables to a country whose authorities refused to accept them.

In reality the Migration Agreem at was that rare accomplishment which appeared to satisfy the interests of both sides. It had no "down side" at for the United States. Unfortunately the Cuban Government may have assumed, without any factual basis, th because of the agreement the United States would alter important policies

ard Cuba that were not associated h migration, even though these as had not even been touched in the otiations.

The agreement was implemented y for 5 months and 6 days, during ch time a number of immigrants and mall handful of refugees came north, l exactly 201 excludables were re- ned to Cuba. The relatively limited come was due to the difficulty of ablishing new procedures and stand- s, moving personnel, arranging for minations, assembling documents, . Implementation was, nevertheless, ng well on both sides. There were no ious difficulties experienced. The eement was proving to be the suc- s that had been anticipated in New rk.

Then, a few hours before the first adcast of the Radio Marti service of Voice of America on May 20, 1985, ba announced that it had decided to spend all types of procedures regard- the execution of the 1984 Migration reement. Cuba also announced other actions, most of them aimed at the ile community in the United States om Havana identified as being the rce behind Radio Marti. The Cubans ade it clear that the suspension would st as long as the new program was on e air.

### ne Impasse

uba's response to Radio Marti linked e issue of migration, which had ap- eared to have been resolved in New ork, to the problem of radio broad- asting, an issue with a long history. he issue of radio interference went ack beyond even the outset of the Cas- o regime, the coming to power of hich had, however, greatly exacer- ated what had, heretofore, been non- eological differences. In 1983, the uban Government had called off bilat- ral technical talks on radio inter- erence matters after Congress enacted September of that year the Radio roadcasting to Cuba Act, authorizing program on the Voice of America to eet the "need for broadcasts to Cuba hich provide news, commentary, and ther information about events in Cuba nd elsewhere to promote the cause of eedom in Cuba." During the 20 onths between the enactment of the w and the first broadcast of Radio arti, the Cubans left no doubt that ey did not like the idea of the pro- ram, but since the entire negotiations ading to the Migration Agreement of 1984 were conducted after the law was passed and while the new program was being prepared, we had no advance warning that Cuba would link the two issues and undo the negotiations of the previous year.

Suspension of the Migration Agreement was greeted, as Cuba had no doubt anticipated, with dismay in the exile community in the United States, which had high expectations about the reunification of families and the coming to freedom of former political prisoners still living under difficult conditions in Cuba. Nevertheless, Havana miscalculated if it believed that these persons would become an effective lobby against Radio Marti, because the exiles and, especially, their most assertive spokesmen were also the firmest supporters of the radio. The desire of the U.S. Government to return excludables to Cuba was similarly frustrated, but no responsible U.S. official considered sacrificing the new program in order to restore an agreement with Cuba that had appeared evenly balanced in its own right and in the interest of both parties.

In fact, the Cuban Government at no time after May 20, 1985, criticized the Migration Agreement or the negotiations that had brought it about. This was a point which we kept in mind during the following 30 months of hiatus and impasse.

In addition to restricting visa issuance in Havana, the United States introduced a new sanction on Cuba in order to induce it to end its suspension of implementation of the Migration Agreement. On October 4, 1985, presidential Proclamation 5377 suspended the entry as nonimmigrants of officials and employees of the Government of Cuba and the Communist Party of Cuba. This action was taken under authority of Section 212(f) of the Immigration and Nationality Act of 1952, as amended, the U.S. Government having found that the unrestricted entry of such officials or employees would be detrimental to the interests of the United States.

Since virtually every Cuban, if employed at all, is an employee of the state or the party or both, this proclamation facilitated the Department of State in inhibiting travel sought by the Cuban authorities. Since sanctions seldom cut only one way, there was also some criticism of this measure in the United States, but it seldom was pursued when we explained that it was designed to encourage Cuba to deal with migration within the terms of a recent and mutually acceptable bilateral agreement.

Another form of suasion which we used with Cuba in this period was to make clear, as in the pre-1984 period, that Americans of both parties and of various points of view insisted that Cuba deal with the issue of Mariel and the excludables. Many Members of Congress were willing to give that message to the Cubans in one form or another.

### An Unsuccessful Round of Negotiations

Thus it was not all too surprising when we received word through an informal channel that the Cubans in mid-1986 were prepared to end their suspension of the Migration Agreement under conditions which seemed negotiable. We understood that they were willing to restore the agreement if they were permitted to broadcast to the United States without causing new interference to U.S. domestic broadcasting on the a.m. mediumwave band.

At our suggestion the two sides met in Mexico City in early July of 1986. The talks failed, however, because the Cubans expected the United States to make concessions in radio broadcasting that were well outside the capability of any U.S. administration. They asked for four "clear channels," which would have put scores of U.S. radio stations out of business. Even before these talks began, however, chances for a successful outcome were compromised by costly press leaks which made it appear that the Cubans were backing down on their demands on Radio Marti. The U.S. negotiators derived the lesson from this event that future efforts to induce Cuba to resume implementation of the Migration Agreement would have to be conducted with even more discretion than heretofore.

Following the failure of the Mexico City talks, the United States dealt with Cuba's policy of permitting persons to leave Cuba for third countries, principally Panama, whence they would try to enter the United States, legally or illegally. On August 22, 1986, presidential Proclamation 5517 suspended entry into the United States of Cuban nationals except those who were immediate relatives of U.S. citizens or who could demonstrate that they had departed Cuba prior to that date. The purpose of this action was to deal with the practice of selling Cuban exit per-

mits and third-country visas to persons living in the United States in violation of U.S. immigration law and the Cuba embargo.

An additional effect of this action was to make it more difficult for Cuba to use selective emigration as a safety valve, as well as a supplementary income source. On the other hand, U.S. restrictions on immigrant visa issuance led some in the exile community to lobby for domestic legislation which would force the U.S. Government to issue visas in Havana and in third countries to Cuban nationals, no matter what Cuba did about the excludables or the existing Migration Agreement. These efforts took the form of draft legislation in 1987 which would have given the Cubans the objectives for which they negotiated in New York while depriving the United States of the leverage to bring about the exclusion of those Cuban nationals who had committed serious crimes and were placed in Federal, State, and local detention centers pending their possible return to Cuba. The draft legislation would have left us with the excludables and would have encouraged future disorderly immigration by removing the costs for Cuba.

Moreover, for extraneous reasons, U.S.-Cuban relations sharply deteriorated in late 1986 and through much of 1987, with hostile demonstrations outside the U.S. Interests Section in Havana, restrictions on the delivery of diplomatic pouches and necessary supplies, and ultimately—responding to the defection to the United States of several important Cuban officials—the Cubans made charges of widespread espionage activities by U.S. personnel in Cuba. We, in turn, were obliged to ask the Cubans to withdraw some of their personnel from Washington.

### A Common Interest

Despite all of the foregoing, we continued to stress the theme that the two countries had a common interest in returning to the implementation of an agreement which had manifestly been satisfactory to each party. During a visit I made in May 1987 to Havana, I reminded the two primary Cuban negotiators of the 1984 agreement that there was no need to wait for the next U.S. administration to make renewed effort to settle concrete issues which seemed possible to resolve, whatever our differences on other matters.

In July, during a discussion with a senior Cuban official in Washington, I recalled that many a difficult matter had been resolved during the negotiations by having less formal face-to-face talks between the heads of the two delegations. If there could be a very quiet, off-the-record session between the two sides, we might be able to establish whether it would be worthwhile to meet again more formally on the migration/radio impasse. The Cuban official appeared to endorse this idea, but later in the day in Havana, the Cuban Government made new charges against the United States. Nevertheless, we brought this new probe to the attention of all agencies in the U.S. Government concerned with the issue.

There was one other element that figured in the equation. This was the improvement in U.S.-Soviet relations, a fact which the Cuban side clearly wished to take into account.

In October 1987, there were press stories in the *New York Times* and the *Miami Herald* discussing prospects for resumption of implementation of the agreement. We still, however, needed to find a very discreet way of ending the impasse since we were not able to meet the conditions which Cuba had set in May 1985—termination of Radio Marti—or the new conditions of July 1986—broadcasting to the whole territory of the United States on the mediumwave band.

### Success

In November, the Cubans accepted our idea of the previous July for an informal session to see if there was a way to end the impasse and get back to the agreement. At the meeting, in a third country with only two persons present on each side, it was proposed on a personal basis to break the impasse by agreeing to the immediate reimplementation of the migration accord and to engage in further discussions on the radio issue, including both broadcasting from one country to the other and the older issue of radio interference. It was recognized that the broadcasting from one country to another was of primary interest to Cuba. The interference question was of considerable interest to the United States, as well as to Cuba.

The Cuban negotiators still had to sell this idea to their boss. There was always the chance that they would come to a formal negotiating table with new conditions which we would be hard pressed to meet. If the news got out, there would be those who might consciously or inadvertently scuttle any agreement by making it appear that one side or the other was about to se out. Our own approach was exactly th same as it had been at the time of th 1986 talks in Mexico City when we w prepared to announce the immediate sumption of implementation of the M gration Agreement of 1984. The decision was not a complicated one in November 1987: it was merely "up or down"—restoration of the 1984 accor exactly as it had been agreed or no agreement.

In the actual negotiations on November 19 in Mexico City, we and the Cubans reached agreement on th lines of the previous unofficial understanding: the Migration Agreement 1984 was to be put again immediately into implementation, and we would g on talking about radio issues. That o come was a signal success for the United States, one which had the fol lowing results.

- We would be able to return th excludables to Cuba thereby freeing the United States from the dilemma continuing to detain them indefinitel or else of releasing them into U.S. society.
- We would serve notice that pe sons who in the future enter the Un States illegally and commit serious crimes of a nonpolitical nature will b returned to their country of origin.
- By establishing normal migrat conditions with Cuba, we could ensu that persons coming to this country would do so consistently with U.S. l and in an orderly way.
- Our ability to process intendi immigrants or former political prisoners would be enhanced by Cuba's concurrence with an increase in the staff of the U.S. Interests Section i Havana to accommodate the increas workload.

The agreement to resume imple mentation of the Migration Agreem of 1984 was announced in both capit at noon on November 20. In fact, th news had leaked somewhat earlier. Unfortunately, somewhat over 24 ho later, Cuban prisoners took over the minimum security facility in Oakdal Louisiana. Three days after announ ment of reimplementation of the Mig tion Agreement, Cuban prisoners to over the maximum security facility i Atlanta.

The prison takeovers, coupled with ss reporting that this was some new eement secretly negotiated with el Castro, created a good deal of ofusion and uncertainty. The fact that n prisoners did not wish to return to ba was played up by some as a justi- tion for not returning them. In ch, there has never been any time e 1980 that any sizable number of bans from the Mariel boatlift, ether excludables or not, have hed to go back to Cuba. It was al- ws the objective of the U.S. Govern- nt to return the excludables to ba, even though they did not want to there and even though the Cuban ernment was—throughout most of 8-year period we are examining to- —unwilling to see them return.

### man Rights and the Excludables

was argued in some quarters that ce we were planning to ask the UN man Rights Commission to look into ious and persistent allegations of hu- n rights violations in Cuba, we uld not return the excludables re. We did, indeed, press forward h respect to human rights, which been another objective of the ited States with respect to Cuba. e fact that we had taken so many rsons who fled the Castro regime er 1959, especially those who spent g years in the regime's prisons for rimes against the state," illustrates r concern for humanitarian issues in uba. Our main sympathy, however, s been for political prisoners and ose fleeing injustice. The Mariel ex- udables—almost all of whom had been leased into American society despite e illegal nature of their entry and the ct that many had criminal records in uba—abused the hospitality of this untry and by the commission of seri- us nonpolitical crimes thereby for- ited the privilege of remaining in this untry.

During the negotiations in New ork, we discussed the issue of how the xcludables would be received in Cuba. he Cuban side agreed to impose no rm of retaliation or punishment on e returning excludables. Of the 201 turned in 1985, the Cuban Govern- ent has estimated publicly that about ree-quarters have been released and e living and working in Cuban soci- y. The rest are finishing out the sen- nces imposed by U.S. courts. While ere is no way of vouching for these gures, there is no evidence that the excludables have suffered or will suffer any discriminatory treatment for having been returned from the United States.

Moreover, the Department of Justice, following the Oakdale and Atlanta insurrections, has established a special review procedure to ensure that no Cuban is returned to his country without good cause.

### Normal Migration

Reestablishment of normal migration between the United States and Cuba serves the cause of family reunification while respecting the framework of U.S. immigration laws. It means that Cubans with relatives in the United States and former political prisoners will come in an orderly and humane manner, without putting sudden pressures on American society. It helps to bring to freedom those whose only crime in Cuba was to stand by their principles and to suffer prison as a consequence.

The Migration Agreement, although beneficial to all Americans, is especially so for Cuban-Americans. For this reason it is particularly ironic to see it being criticized by a few persons in that community who have themselves been benefited by the traditional hospitality which we have given to persons living under oppressive conditions abroad, especially Cubans. Such criticism was absent in 1985. The agreement has not been changed in any particular. If it continues to be honored by Cuba, it will bring benefits to all parties concerned.

### Conclusion

In conclusion, I would like to reemphasize the following.

- Return of the Mariel excludables was the principal objective of both the Carter and Reagan Administrations in dealing with Cuba on migration matters.
- Normalization of migration from Cuba, including agreement on return of the excludables, is a positive benefit obtained by very painstaking diplomatic efforts despite the existence of very significant difficulties in other areas between the United States and Cuba.
- The key to the 1984 agreement was that the migration objectives of both negotiating parties were carefully balanced into a package acceptable to both sides.
- Linkage of the Migration Agreement to radio issues introduced new complications that could be overcome only by negotiations even more delicate than those of 1984.

If the agreement can survive the vicissitudes of U.S.-Cuban relations and the temptation to link its implementation to some other foreign policy objective, it will go far toward removing migration from the agenda of contentious issues between ourselves and the Cubans and can help in coming years in the resolution of practical problems with important social and humanitarian benefits for hundreds of thousands of persons. ■

## Current Actions

### MULTILATERAL

**Arbitration**

Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1970. TIAS 6997.
Accession deposited : Cameroon, Feb. 19, 1988.

**Aviation**

Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.
Acceptance deposited: Maldives, Sept. 28, 1987.

Protocol for the suppression of unlawful acts of violence at airports serving international civil aviation, supplementary to the convention of Sept. 23, 1971 (TIAS 7570). Done at Montreal on Feb. 24, 1988. Enters into force on the thirteenth day after the date of deposit of the tenth instrument of ratification.
Signatures: Argentina, Brazil, Bulgaria, Byelorussian S.S.R., Canada, Chile, China, Costa Rica, Czechoslovakia, Denmark, Egypt, Ethiopia, German Dem. Rep., Fed. Rep. of Germany, Ghana, Hungary, Iceland, Indonesia, Israel, Italy, Jamaica, Korea, Kuwait, Lebanon, Liberia, Malawi, Malaysia, Mexico, Niger, Norway, Pakistan, Peru, Poland, Portugal, Romania, Saudi Arabia, Senegal, Sweden, Switzerland, Turkey, Ukrainian S.S.R., U.S.S.R., United Arab Emirates, U.S., Venezuela, Yugoslavia, Zaire, Feb. 24, 1988.

**Containers**
International convention for safe containers (CSC), with annexes, as amended. Done at Geneva Dec. 2, 1972. Entered into force Sept. 6, 1977; for the U.S. Jan. 3, 1979. TIAS 9037, 10220.
Accession deposited :Peru, Jan. 6, 1988.
Approval deposited : Yugoslavia, Sept. 16, 1987.

**Defense**
Memorandum of understanding concerning a NATO anti-air warfare system (NAAWS), with annex. Signed Sept. 11-Oct. 19, 1987. Entered into force Oct. 19. 1987.
Parties: Canada, Sept. 22 Fed. Rep. of Germany, Sept. 29; Netherlands, Oct. 2; Spain, Oct. 13; U.K., Oct. 19; U.S., Sept. 11, 1987.

Memorandum of understanding concerning a NATO frigate replacement for the 1990s (NFR 90). Signed Oct. 20, 1987, and Jan. 23 and 25, 1988. Entered into force Jan. 25, 1988.
Parties: Canada, Fed. Rep. of Germany, Italy, Netherlands, Spain, U.S., Oct. 20, 1987; France, Jan. 23, 1988; U.K., Jan. 25, 1988.

**Diplomatic Relations**
Vienna convention on diplomatic relations. Done at Vienna Apr. 18, 1961. Entered into force Apr. 24, 1964; for the U.S. Dec. 13, 1972. TIAS 7502
Ratification deposited : Albania, Feb. 8, 1988.

**Environmental Modification**
Convention on the prohibition of military or any other hostile use of environmental modification techniques, with annex. Done at Geneva May 18, 1977. Entered into force Oct. 5, 1978; for the U.S. Jan. 17, 1980. TIAS 9614.
Accession deposited: Guatemala, Mar. 21, 1988.

**Judicial Procedure**
Additional protocol to the Inter-American convention on letters rogatory, with annex. Done at Montevideo May 8, 1979. Entered into force June 14, 1980.[1]
Ratification deposited: Guatemala, Feb. 24, 1988.

Convention on the civil aspects of international child abduction. Done at The Hague Oct. 25, 1980. Entered into force Dec. 1, 1983.[1]
Territorial application : Canada extended to Northwest Territories, Jan. 26, 1988.[2]

**Marine Pollution**
International convention relating to intervention on the high seas in cases of oil pollution casualties, with annex. Done at Brussels Nov. 29, 1969. Entered into force May 6, 1975. TIAS 8068.
Ratification deposited : Ivory Coast, Jan. 8, 1988.

Protocol of 1978 relating to the international convention for the prevention of pollution from ships, 1973. Done at London Feb. 17, 1978. Entered into force Oct. 2, 1983.
Accessions deposited : Antigua and Barbuda, Jan. 29, 1988; Switzerland, Dec. 15, 1987.[3]
Ratification deposited : Brazil, Jan. 29, 1988.[3,4]

**Maritime Matters**
Convention on the international regulations for preventing collisions at sea, 1972. Done at London Oct. 20, 1972. Entered into force July 15, 1977. TIAS 8587.
Accession deposited : Antigua and Barbuda, Jan. 29, 1988.

International convention for the safety of life at sea, 1974, with annex. Done at London Nov. 1, 1974. Entered into force May 25, 1980. TIAS 9700.
Accession deposited : Mauritius, Feb. 1, 1988.

Amendments to the international convention on load lines, 1966 (TIAS 6331, 6629, 6720). Done at London Nov. 15, 1979.[5]

Amendments to the international convention on load lines, 1966. Done at London Nov. 17, 1983.[5]
Acceptances deposited : Switzerland, Jan. 19, 1988.

**Narcotic Drugs**
Single convention on narcotic drugs. Done at New York Mar. 30, 1961. Entered into force Dec. 13, 1964; for the U.S. June 24, 1967. TIAS 6298.

Protocol amending the single convention on narcotic drugs. Done at Geneva Mar. 25, 1972. Entered into force Aug. 8, 1975. TIAS 8118.
Accessions deposited: United Arab Emirates, Feb. 17, 1988.

Convention on psychotropic substances. Done at Vienna Feb. 21, 1971. Entered into force Aug. 16, 1976; for the U.S. July 15, 1980. TIAS 9725.
Accession deposited: United Arab Emirates, Feb. 17, 1988.

**Pollution**
Montreal protocol on substances that deplete the ozone layer, with annex. Done at Montreal Sept. 16, 1987.[1] [Senate] Treaty Doc. 100–10.
Senate advice and consent to ratification: Mar. 14, 1988.

**Red Cross**
Protocol additional to the Geneva conventions of Aug. 12, 1949, (TIAS 3362, 3363, 3364, 3365), and relating to the protectio of victims of international armed conflicts (Protocol I), with annexes. Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.[1]

Protocol additional to the Geneva conventions of Aug. 12, 1949, (TIAS 3362, 3363, 3364, 3365), and relating to the protectio of victims of noninternational armed conflicts (Protocol II). Adopted at Geneva June 8, 1977. Entered into force Dec. 7, 1978.[1]
Accession deposited: Guyana, Jan. 18, 19
Ratification deposited : New Zealand, Feb. 8, 1988.[6,7]

**Satellite Communications Systems**
Convention on the International Maritim Satellite Organization (INMARSAT), wit annex. Done at London, Sept. 3, 1976. E tered into force July 16, 1979. TIAS 9605
Accession deposited: Nigeria, Feb. 23, 1988.

Operating agreement on the Internation Maritime Satellite Organization (INMAF SAT), with annex. Done at London Sept. 1976. Entered into force July 16, 1979. TIAS 9605.
Signature: Nigeria, Feb. 23, 1988.

**Space**
Treaty on principles governing the activities of states in the exploration and u of outer space, including the Moon and other celestial bodies. Done at Washingt London, and Moscow Jan. 27, 1967. Entered into force Oct. 10, 1967. TIAS 6347
Ratification deposited: Afghanistan, Ma 21, 1988.

**Sugar**
International sugar agreement, 1987, wit annexes. Done at London Sept. 11, 1987.
Provisional entry into force: Mar. 24, 198
Notifications of provisional application : Argentina, Dec. 31, 1987; Belize, Dec. 2 1987; Canada, Mar. 14, 1988; Congo, Feb. 10, 1988; Costa Rica, Mar. 23, 1988; Cub Dec. 29, 1987; Dominican Rep., Dec. 30, 1987; Ecuador, Jan. 13, 1988; El Salvador Feb. 15, 1988; Finland, Feb. 5, 1988; Ger man Dem. Rep., Mar. 23, 1988; Hondura Feb. 15, 1988; Hungary, Dec. 30, 1987; In dia, Mar. 15, 1988; Rep. of Korea, Dec. 3 1987; Malawi, Mar. 22, 1988; Mauritius, Feb. 15, 1988; Nicaragua, Jan. 18, 1988; Pakistan, Mar. 1, 1988; Panama, Papua New Guinea, Dec. 31, 1987; Peru, Jan. 19 1988; Philippines, Feb. 15, 1988; U.S.S.R Feb. 5, 1988; U.S., Feb. 23, 1988.
Accessions deposited : Australia, Canad India, Mauritius, Mar. 24, 1988.
Approval deposited : Hungary, Mar. 24, 1988.
Ratifications deposited: Fiji, Nov. 25, 19 Guyana, Dec. 15, 1987; Nicaragua, Mar. 2 1988; South Africa, Dec. 31, 1987; Swede Dec. 15, 1987.

**ecommunications**
ernational telecommunications convenn, with annexes and protocols. Done at robi Nov. 6, 1982. Entered into force . 1, 1984; definitively for the U.S. Jan. 1986. [Senate] Treaty Doc. 99–6.
ession deposited: Bahamas, Feb. 5, 8.
ifications deposited: Guinea, Tonga, . 11, 1988.

**rorism**
ivention on the prevention and punishnt of crimes against internationally proted persons, including diplomatic nts. Done at New York Dec. 14, 1973. tered into force Feb. 20, 1977. TIAS 2.
ession deposited: Oman, Mar. 22, 1988.

ernational convention against the taking ostages. Done at New York Dec. 17, 9. Entered into force June 3, 1983; for U.S. Jan. 6, 1985.
ssions deposited: Bulgaria, Mar. 10, 8, Cameroon, Mar. 9, 1988.

**nber**
ernational tropical timber agreement, 3, with annexes. Done at Geneva Nov. 1983. Entered into force provisionally r. 1, 1985; for the U.S. Apr. 26, 1985.
cession deposited: Australia, Feb. 16, 8.

**ade**
reement on technical barriers to trade andards code). Done at Geneva Apr. 12, 9. Entered into force Jan. 1, 1980. TIAS 6.

reement on implementation of Art. VI the General Agreement on Tariffs and ade (antidumping code). Done at Geneva r. 12, 1979. Entered into force Jan. 1, 0. TIAS 9650.

greement on import licensing. Done at eneva Apr. 12, 1979. Entered into force n. 1, 1980. TIAS 9788.
cceptances deposited: Mexico, Feb. 9, 8.

greement on implementation of Art. VII the General Agreement on Tariffs and rade (customs valuation code). Done at eneva Apr. 12, 1979. Entered into force n. 1, 1980. TIAS 10402.
cceptance deposited: Mexico, Feb. 9, 88.[2]

nited Nations convention on contracts for e international sale of goods. Done at ienna Apr. 11, 1980. Entered into force n. 1, 1988. [52 Fed. Reg. 6262]
ccession deposited: Australia, Mar. 17, 88.

rotocol extending the arrangement of ec. 20, 1973, regarding international ade in textiles (TIAS 7840). Done at Gen-a July 31, 1986. Entered into force Aug. 1986; for the U.S. Aug. 5, 1986.
cceptances deposited: Dominican Rep., eb. 23, 1988; Guatemala, Jan. 19, 1988.

**Transportation—Foodstuffs**
Agreement on the international carriage of perishable foodstuffs and on the special equipment to be used for such carriage (ATP), with annexes. Done at Geneva Sept. 1, 1970. Entered into force Nov. 21, 1976; for the U.S. Jan. 20, 1984.
Accession deposited: Ireland, Mar. 22, 1988.

**Treaties**
Vienna convention on the law of treaties between states and international organizations or between international organizations, with annex. Done at Vienna Mar. 21, 1986.[5]
Accession deposited: Bulgaria, Mar. 10, 1988.
Ratification deposited: Mexico, Mar. 10, 1988.

**Weapons**
Convention on prohibitions or restrictions on the use of certain conventional weapons which may be deemed to be excessively injurious or to have indiscriminate effects, with Protocols I, II, and III. Adopted at Geneva Oct. 10, 1980. Entered into force Dec. 2, 1983.[1]
Ratification deposited: France, Mar. 4, 1988.

**Wheat**
Wheat trade convention, 1986. Done at London Mar. 14, 1986. Entered into force July 1, 1986; definitively for the U.S. Jan. 27, 1988. [Senate] Treaty Doc. 100–1.

Food aid convention, 1986. Done at London Mar. 13, 1986. Entered into force July 1, 1986; definitively for the U.S. Jan. 27, 1986. [Senate] Treaty Doc. 100–1.
Ratifications deposited: Fed. Rep. of Germany, Mar. 14, 1988.

## BILATERAL

**Argentina**
Scientific and technical cooperation agreement for a global telemetered seismograph network. Signed at Reston and San Juan Dec. 28 and 29, 1987. Entered into force Dec. 29, 1987.

**Belgium**
supplementary protocol modifying and supplementing the convention of July 9, 1970 (TIAS 7463), for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with exchange of notes. Signed at Washington Dec. 31, 1987. [Senate] Treaty Doc. 100–15.
Transmitted to Senate for advice and consent: Feb. 29, 1988.

**Canada**
Memorandum of understanding concerning access of airlines to LaGuardia Airport for transborder services. Signed at Washington Mar. 25, 1985. Entered into force Mar. 25, 1985.
Notice of termination: U.S., Mar. 22, 1988, effective Mar. 22, 1989.

Agreement amending and supplementing the agreement of Mar. 9, 1959, as amended and supplemented, governing tolls on the St. Lawrence Seaway (TIAS 4192, 5117, 5608, 6236, 7408, 9003, 9883, 10363). Effected by exchange of notes at Washington May 7 and Dec. 22, 1987. Entered into force Dec. 22, 1987.

**China**
Agreement concerning trade in textiles and textile products, with annexes. Effected by exchange of letters at Beijing Feb. 2, 1988. Entered into force Feb. 2, 1988; effective Jan. 1, 1988.

**Costa Rica**
Agreement for the sale of agricultural commodities. Signed at San Jose Mar. 3, 1988. Enters into force when the importing country notifies the exporting country that all constitutional requirements have been met.

**El Salvador**
Project grant agreement for the 1987 balance-of-payments support program. Signed at San Salvador Aug. 28, 1987. Entered into force Aug. 28, 1987.
Agreement amending the agreement on Aug. 28, 1987, for the balance-of-payments support program. Signed at San Salvador Feb. 1, 1988. Entered into force Feb. 1, 1988.

**European Atomic Energy Community (EURATOM)**
Agreement extending the agreement of Oct. 6, 1982 (TIAS 10521), for the exchange of information concerning a cooperative program in the field of management of radioactive wastes. Effected by exchange of letters at Washington and Brussels May 29, 1987, and Feb. 23, 1988. Entered into force Feb. 23, 1988; effective Oct. 6, 1987.

**France**
Agreement extending the memorandum of understanding of Mar. 15, 1982 (TIAS 10508), on cooperation in agricultural science and technology. Signed at Paris Mar. 3, 1987. Entered into force Mar. 3, 1987.

**Gambia**
Agreement concerning the use of Banjul International Airport as a space shuttle emergency landing site. Signed at Banjul Mar. 7, 1988. Entered into force Mar. 7, 1988.

**Guinea**
International express mail agreement, with detailed regulations. Signed at Conakry and Washington Dec. 31, 1987, and Feb. 2, 1988. Entered into force Mar. 15, 1988.

**Hong Kong**
Agreement amending agreement of Aug. 4, 1986, as amended, relating to trade in certain textiles and textile products, with annexes. Effected by exchange of letters at Washington, Mar. 2 and 7, 1988. Entered into force Mar. 7, 1988; effective Jan. 1, 1988.

**Hungary**
Agreement extending the memorandum of understanding of Jan. 6 and 20, 1984, as extended, for scientific and technical cooperation in earth sciences. Signed at Reston and Budapest Jan. 26 and Feb. 9, 1988. Entered into force Feb. 9, 1988; effective Jan. 1, 1988.

**Israel**
Agreement for the establishment and operation of a radio relay station in Israel, with annexes, minutes, exchange of letters, and related letters. Signed at Washington June 18, 1987.
Entered into force: Feb. 17, 1988.

**Jamaica**
Agreement amending agreement of Aug. 27, 1986, as amended, relating to trade in certain textiles and textile products. Effected by exchange of notes at Washington Dec. 17, 1987, and Feb. 1, 1988. Entered into force Feb. 1, 1988; effective Jan. 1, 1988.

**Japan**
Protocol amending the agreement of Jan. 20, 1987, concerning special measures relating to Art. XXIV of the agreement under Art. VI of the treaty of mutual cooperation and security regarding facilities and areas and the status of United States armed forces in Japan (TIAS 4510). Signed at Tokyo Mar. 2, 1988. Enters into force on the date when diplomatic notes are exchanged indicating approval by both governments in accordance with their respective internal legal procedures.

**Kenya**
Agreement for sales of agricultural commodities. Signed at Nairobi Feb. 26, 1988. Entered into force Feb. 26, 1988.

**Korea**
Agreement extending the agreement of Nov. 22, 1976 (TIAS 8456), as extended, relating to scientific and technical cooperation. Effected by exchange of notes at Seoul Feb. 5 and 6, 1988. Entered into force Feb. 6, 1988; effective Feb. 7, 1988.

**Kuwait**
Agreement on aviation security. Effected by exchange of notes at Kuwait Nov. 22, 1987, and Jan. 11, 1988. Enters into force on exchange of notes confirming that the constitutional procedures required by Kuwaiti law have been fulfilled.

**Liberia**
Agreement modifying the agreement of July 1 and August 11, 1982 (TIAS 10435), for reciprocal relief from double taxation on earnings from operation of ships and aircraft. Effected by exchange of notes at Monrovia Oct. 7 and 23, 1987. Entered into force Oct. 23, 1987.

**Maldives**
Agreement amending agreement of Sept. 7 and 19, 1984, as amended, relating to trade in wool sweaters. Effected by exchange of notes at Colombo Dec. 18, 1987, and Feb. 17, 1988. Entered into force Feb. 17, 1988; effective Jan. 1, 1988.

**Mauritius**
Agreement amending agreement of June 3 and 4, 1985, as amended, relating to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Port Louis Dec. 8, 1987, and Jan. 12, 1988. Entered into force on Jan. 12, 1988.

**Mexico**
Agreement amending the agreement of June 2, 1977 (TIAS 8952), relating to additional cooperative arrangements to curb the illegal traffic in narcotics. Effected by exchange of letters at Mexico Dec. 22, 1987 and Feb. 11, 1988. Entered into force Feb. 11, 1988.

Agreement concerning trade in cotton, wool, and manmade fiber textiles and textile products, with annexes. Signed at Mazatlan Feb. 13, 1988. Entered into force Feb. 13, 1988; effective Jan. 1, 1988.

Memorandum of understanding regarding cooperation in the scientific and regulatory fields of health. Signed at Mexico Feb. 22, 1988. Entered into force Feb. 22, 1988.

**Niger**
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Niamey Feb. 10, 1988. Entered into force Mar. 17, 1988.

**Norway**
Memorandum of understanding on cooperation in geological sciences. Signed at Reston and Trondheim Dec. 9, 1987, and Feb. 4, 1988. Entered into force Feb. 4, 1988.

**Oman**
Agreement amending and extending the agreement of Dec. 14, 1979, and May 18, 1980, relating to the provision of technical assistance and service to the Directorate General of Civil Aviation of Oman (TIAS 9824). Signed at Muscat Dec. 15, 1987. Entered into force Dec. 15, 1987.

**Panama**
Agreement concerning enforcement of a mony and child support obligations of P ama Canal Commission employees, with annexes. Effected by exchange of notes Panama Feb. 22, 1988. Entered into for Feb. 22, 1988.

**Philippines**
Memorandum of understanding on coop tion in the field of agricultural science a technology. Signed at Manila Feb. 10, 1 Entered into force Feb. 10, 1988.

**Poland**
Air transport agreement, with schedul and annex. Signed at Warsaw Feb. 1, 19 Enters into force on the date on which land informs the U.S. that the agreeme has been approved by the Council of Mi ters; effective Jan. 1, 1988.

**Somalia**
Agreement regarding the consolidation rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. ernment and its agencies, with annexes Signed at Mogadishu Jan. 25, 1988. Entered into force Feb. 26, 1988.

**Sri Lanka**
Agreement amending agreement of Ma 1983 (TIAS 10713), as amended, relatin trade in textiles and textile products. fected by exchange of notes at Colomb Jan. 22 and 29, 1988. Entered into forc Jan. 29, 1988.

**Sudan**
Agreement for sales of agricultural co modities. Signed at Khartoum Feb. 28, 1988. Entered into force Feb. 28, 1988.

**U.S.S.R.**
Agreement regarding U.S. access to fi eries in the U.S.S.R. economic zone. E fected by exchange of notes at Moscow Feb. 21, 1988. Enters into force followi written confirmation of the completion the internal procedures of both governments.

**United Arab Emirates**
Memorandum of understanding concer scientific and technical cooperation in t earth sciences. Signed at Abu Dhabi F 6, 1988. Entered into force Feb. 6, 198

**Uruguay**
Agreement amending agreement of De 30, 1983, and Jan. 23, 1984, as amende relating to trade in certain textiles an textile products. Effected by exchange notes at Montevideo Sept. 10, 1987, an Feb. 9, 1988. Entered into force Feb. 9 1988.

**ezuela**

eement extending the agreement of . 6, 1980, as extended (T1AS 10012), in field of energy research and develop- t. Signed at Caracas and Washington . 3 and 4, 1988. Entered into force Mar. 988; effective Mar. 6, 1988.

**ibabwe**

rnational express mail agreement, with ailed regulations. Signed at Harare and shington Feb. 15 and Mar. 9, 1988. En- d into force Apr. 1, 1988.

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[1]Not in force for the U.S.
[2]With declaration and reservation.
[3]Does not accept optional annexes III, and V.
[4]With reservation.
[5]Not in force.
[6]Not extended to Cook Islands, Niue, Tokelau.
[7]With declaration on Protocol II. ■

## epartment of State

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| | Date | Subject |
|---|---|---|
| | 3/1 | Whitehead: address and question-and-answer session before the National Security and Foreign Relations Commissions, the American Legion, Feb. 29. |
| 2 | 3/2 | Shultz: departure statement, Damascus, Feb. 27. |
| 3 | 3/3 | Shultz: interview on ABC–TV, Brussels, Mar. 2. |
| 4 | 3/3 | Shultz: interview on CNN, Brussels, Mar. 2. |
| 5 | 3/4 | Shultz: news briefing, Brussels, Mar. 3. |
| 6 | 3/4 | Shultz: interview on CBS News, Brussels, Mar. 3. |
| 7 | 3/7 | Shultz: luncheon toast for Chinese Foreign Minister Wu Xuegian. |
| 8 | 3/9 | Shultz: toast at return dinner hosted by Foreign Minister Wu, Mar. 8. |
| 9 | 3/10 | Program for the official working visit of Israeli Prime Minister Yitzhak Shamir, Mar. 14–17. |
| 0 | 3/11 | Shultz: statement before the Subcommittee on Foreign Operations, House Appropriations Committee, Mar. 10. |
| 1 | 3/11 | Leonard H.O. Spearman sworn in as Ambassador to Rwanda (biographic data). |
| 2 | 3/14 | Shultz: news briefing, White House, Mar. 11. |
| 43 | 3/15 | Shultz: statement before the Senate Foreign Relations Committee, Mar. 14. |
| *44 | 3/16 | Shultz: remarks and question-and-answer session during videoconference with students in Atlanta, Boston, Dallas, Milwaukee, San Francisco, and Washington, D.C., Mar. 15. |
| *45 | 3/17 | Shultz: statement before the Senate Budget Committee. |
| *46 | 3/21 | Shultz: remarks and question-and-answer session before Young Republican Leadership Conference, Mar. 18. |
| 47 | 3/22 | Shultz: interview on NBC–TV's "Meet the Press," Mar. 20. |
| *48 | 3/23 | Program for the official working visit of President Joaquin Balaguer of the Dominican Republic, Mar. 24–25. |
| *49 | 3/23 | Shultz: new conference. |
| 50 | 3/24 | Shultz: statement and question-and-answer session on agreement reached between the Nicaraguan resistance and Sandinistas. |
| *51 | 3/25 | Shultz: interview on "McNeil-Lehrer Newshour," Mar. 24 |

*Not printed in the BULLETIN. ■

## Department of State

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**Secretary Shultz**

Meeting Our Foreign Policy Goals, Subcommittee on Foreign Operations, House Appropriations Committee, Mar. 10, 1988 (Current Policy #1054).

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**Middle East**

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U.S. Condemns North Korean Terrorism, Ambassadors MaManaway and Clark, Subcommittee on Asian and Pacific Affairs, House Foreign Affairs Committee, Feb. 4, 1988 (Current Policy #1042).

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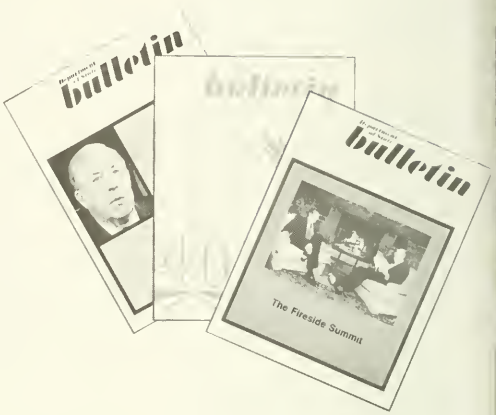


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y 1988
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ica. Meeting Our Foreign Policy
oals (Shultz) ..... 12
ns Control
INF Treaty: Advancing U.S.
ecurity Interests (Shultz) ..... 18
eting Our Foreign Policy Goals
Shultz) ..... 12
sident Attends NATO Summit
Reagan, statement, declaration) .... 1
retary Shultz Visits Moscow
joint statement) ..... 42
iet Foreign Minister Visits Washington
joint statement) ..... 42
I: Enhancing Security and Sta-
ility (Rowny) ..... 24
S. Arms Control Initiatives ..... 26
lgaria. Human Rights and Change in
Eastern Europe (Whitehead) ..... 54
mbodia. Indochinese Refugees and
Relations With Thailand (Brown) .... 37
ngress
ents in Panama (Abrams, Reagan, Shultz,
White House statements) ..... 69
lochinese Refugees and Relations With
Thailand (Brown) ..... 37
e INF Treaty: Advancing U.S.
Security Interests (Shultz) ..... 18
eeting Our Foreign Policy Goals (Shultz) 12
ndinista Offensive (Shultz, Department and
White House statements) ..... 73
S. Condemns North Korean Terrorism
(Clark, McManaway) ..... 64
S. Interests in the United Nations
(Walters) ..... 67
uba. U.S.-Cuba Migration Agreement:
Resolving Mariel (Skoug) ..... 76
zechoslovakia. Human Rights
and Change in Eastern Europe
Whitehead) ..... 54
ast Asia
eeting Our Foreign Policy Goals
(Shultz) ..... 12
acific Development and the New Interna-
tionalism (Solomon) ..... 33
conomics
urrent Reflections on U.S.-Japan Rela-
tions (Sigur) ..... 31
eeting Our Foreign Policy Goals
(Shultz) ..... 12
urope
leeting Our Foreign Policy Goals
(Shultz) ..... 12
errorism: Myths and Reality (Bremer) 61
ermany. Chancellor Kohl Meets With
President Reagan (Kohl, Reagan) .... 44
londuras. Sandinista Offensive (Shultz,
Department and White House
statements) ..... 73
luman Rights. Human Rights and
Change in Eastern Europe
(Whitehead) ..... 54
mmigration. U.S.-Cuba Migration Agree-
ment: Resolving Mariel (Skoug) ..... 76
srael. Secretary's Interview on "Meet the
Press" ..... 21
apan. Current Reflections on U.S.-Japan
Relations (Sigur) ..... 31
Korea. U.S. Condemns North Korean
Terrorism (Clark, McManaway) ..... 64
Laos. Indochinese Refugees and Relations
With Thailand (Brown) ..... 37
Lithuania. Lithuanian Independence Day,
1988 (proclamation) ..... 46
Maritime Affairs. U.S. Signs Treaty on
Maritime Security (Department
statement) ..... 62
Mexico. President's Visit to Mexico (De la
Madrid, Reagan) ..... 6
Middle East
Meeting Our Foreign Policy Goals
(Shultz) ..... 12
Middle East Peace Plan (Shultz) ..... 57
President's News Conference of February
24 (excerpts) ..... 9
A Statement for Palestinians
(Shultz) ..... 56
Terrorism: Myths and Reality (Bremer) 61
Narcotics
Indochinese Refugees and Relations With
Thailand (Brown) ..... 37
Meeting Our Foreign Policy Goals
(Shultz) ..... 12
Nicaragua
Nicaraguan Resistance and Sandinistas
Reach Agreement (Shultz) ..... 74
President's News Conference of February
24 (excerpts) ..... 9
Sandinista Offensive (Shultz, Department
and White House statements) ..... 73
Secretary's Interview on "Meet the
Press" ..... 21
North Atlantic Treaty Organization
President Attends NATO Summit (Reagan,
statement, declaration) ..... 1
U.S. Arms Control Initiatives ..... 26
Panama
Events in Panama (Abrams, Reagan,
Shultz, White House statements) .... 69
Secretary's Interview on "Meet the
Press" ..... 21
Poland. Human Rights and Change in
Eastern Europe (Whitehead) ..... 54
Portugal
Republic of Portugal ..... 48
Visit of Portuguese Prime Minister (Cavaco
Silva, Reagan) ..... 47
Presidential Documents
Chancellor Kohl Meets With President
Reagan (Kohl, Reagan) ..... 44
Events in Panama (Abrams, Reagan,
Shultz, White House statements) .... 69
Lithuanian Independence Day, 1988
proclamation) ..... 46
President Attends NATO Summit (Reagan,
statement, declaration) ..... 1
President's News Conference of February
24 (excerpts) ..... 9
President's Visit to Mexico (De la Madrid,
Reagan) ..... 6
Visit of Portuguese Prime Minister (Cavaco
Silva, Reagan) ..... 47
Publications
Background Notes ..... 85
Department of State ..... 85
Refugees
Aspects of U.S. Resettlement Programs
for Vietnamese Refugees (Funseth) .. 58
Indochinese Refugees and Relations With
Thailand (Brown) ..... 37
Romania
Human Rights and Change in Eastern
Europe (Whitehead) ..... 54
Romania Renounces MFN Renewal
(Department statement) ..... 43
South Africa
President's News Conference of February
24 (excerpts) ..... 9
South Africa's Proposal to Ban Foreign
Funds (Department statement) ..... 23
South Asia. Meeting Our Foreign Policy
Goals (Shultz) ..... 12
Terrorism
Meeting Our Foreign Policy Goals
(Shultz) ..... 12
Terrorism: Myths and Reality (Bremer) 61
U.S. Condemns North Korean Terrorism
(Clark, McManaway) ..... 64
U.S. Signs Treaty on Maritime Security
(Department statement) ..... 62
Thailand. Indochinese Refugees and Rela-
tions With Thailand (Brown) ..... 37
Trade
Current Reflections on U.S.-Japan Rela-
tions (Sigur) ..... 31
Indochinese Refugees and Relations With
Thailand (Brown) ..... 37
Romania Renounces MFN Renewal (De-
partment statement) ..... 43
Treaties
Current Actions ..... 81
U.S. Signs Treaty on Maritime Security
(Department statement) ..... 62
U.S.S.R.
The INF Treaty: Advancing U.S. Security
Interests (Shultz) ..... 18
President Attends NATO Summit (Reagan,
statement, declaration) ..... 1
President's News Conference of February
24 (excerpts) ..... 9
Secretary Shultz Visits Moscow (joint
statement) ..... 42
Secretary's Interview on "Meet the
Press" ..... 21
Soviet Foreign Minister Visits Washington
(joint statement) ..... 42
SDI: Enhancing Security and Stability
(Rowny) ..... 24
U.S. Arms Control Initiatives ..... 26
United Nations
Meeting Our Foreign Policy Goals
(Shultz) ..... 12
U.S. Interests in the United Nations
(Walters) ..... 67
Vietnam
Aspects of U.S. Resettlement Programs
for Vietnamese Refugees (Funseth) .. 58
Indochinese Refugees and Relations With
Thailand (Brown) ..... 37
Western Hemisphere. Meeting Our For-
eign Policy Goals (Shultz) ..... 12

*Name Index*

Abrams, Elliott ..... 69
Bremer, L. Paul, III ..... 61
Brown, William A ..... 37
Cavaco Silva, Anibal ..... 47
Clark, William, Jr ..... 64
De la Madrid Hurtado, Miguel ..... 6
Funseth, Robert L ..... 58
Kohl, Helmut ..... 44
McManaway, Clayton C ..... 64
Reagan, President .. 1, 6, 9, 44, 46, 47, 69
Rowny, Edward L ..... 24
Shultz, Secretary ..... 12, 18, 21,
56, 57, 69, 73, 74
Sigur, Gaston J., Jr ..... 31
Skoug, Kenneth N. Jr ..... 76
Solomon, Richard H ..... 33
Walters, Vernon A ..... 67
Whitehead, John C ..... 54

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Middle East / 1, 35

Narcotics / 47

Afghanistan Agreements / 54

Western Hemisphere / 64

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# bulletin

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**Cover:**

**President Reagan with Israeli Prime Minister Shamir**

(White House photo by Pete Souza)

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# CONTENTS


## The Secretary

1 Secretary Meets With Middle East Leaders
18 The Winning Hand: American Leadership and the Global Economy

## Africa

21 Ethiopia (*Department Statement*)

## Arms Control

2 SDI Anniversary (*President Reagan*)

## Economics

2 The U.S. and the Pacific Basin: Trade and Adjustment Issues (*W. Allen Wallis*)
2 Finance Ministers Discuss Trade and Monetary Policies (*Statement*)
2 Challenges in International Civil Aviation Negotiations (*Jeffrey N. Shane*)

## Environment

3 President Signs Protocol on Ozone-Depleting Substances (*President Reagan*)

## Europe

U.S. Concerns Over Danish Parliamentary Resolution (*Department Statement*)
Greek Independence Day, 1988 (*Proclamation*)
36th Report on Cyprus (*Message to the Congress*)
Northern Ireland (*President Reagan*)

## General

Principled Realism: A Foundation for U.S. Foreign Policy (*John C. Whitehead*)

## Middle East

35 U.S. Responds to Iranian-Placed Mines in Persian Gulf (*President Reagan, Vernon A. Walters, White House Statement, Letters to the Congress and UN Security Council, Message to Iran*)
37 An American Vision of Peace in the Middle East (*Richard W. Murphy*)
39 Visit of Israeli Prime Minister (*President Reagan, Yitzhak Shamir*)
39 U.S., Israel Formalize and Extend Consultative Groups (*White House Statement*)
40 FY 1989 Assistance Proposals for the Middle East and North Africa (*Richard W. Murphy*)
43 U.S. Role in the Persian Gulf and the Middle East Peace Process (*Richard W. Murphy*)

## Military Affairs

46 Regulations Revised on Arms Trafficking

## Narcotics

47 Presidential Certification of Narcotics Source Countries (*Ann B. Wrobleski*)

## Nuclear Policy

51 Nuclear Cooperation With EURATOM (*Letter to the Congress*)

## Science & Technology

52 International Cooperation to Study Climate Change (*Richard J. Smith*)
53 International Activities in Science and Technology (*Message to the Congress*)

## South Asia

54 Agreements on Afghanistan (*Zain Noorani, Eduard Shevardnadze, Secretary Shultz, President Reagan, Abdul Wakil, U.S. Statement, Text of Agreements*)
60 Afghanistan Day, 1988 (*Proclamation*)

## Terrorism

61 U.S. Antiterrorism Assistance Program (*L. Paul Bremer, III*)

## Western Hemisphere

64 Visit of Dominican Republic President (*Joaquin Balaguer Ricardo, President Reagan*)
65 The CBI: Important Incentives for Trade and Investment (*Peter D. Whitney*)

## Treaties

68 Current Actions

## Press Releases

69 Department of State

## Publications

70 Department of State
70 Background Notes

## Index



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# Secretary Meets With Middle East Leaders

*Secretary Shultz departed the United States to visit Israel, Jordan, Syria, Egypt, Saudi Arabia, and Cyprus to meet with Lebanese President Gemayel (for complete itinerary, see box). Following are his statements, interviews, and news briefings made during the trip.*

## ARRIVAL STATEMENT, TEL-AVIV, APR. 3, 1988[1]

Israel has a special meaning for all of us, most particularly at this time of year, as you noted in your statement. I appreciate your welcome, and I look forward to my discussions with you and with your neighbors over the next 4 days.

Five weeks ago, I came to the region to explore the prospects for moving forward toward peace. I sought the views of the leaders of Israel, Jordan, Egypt, and Syria, and I gave the most careful consideration to what they told me. Nor was that round of consultations a completely new departure. We have been discussing the key issues for many months with all the parties.

The views we heard in the region were then distilled into the letter, which I presented to each of the leaders last month. The proposal contained in that letter is, therefore, not something invented in Washington without reference to the needs of the parties involved. There is nothing that should be surprising in that letter—and the time to act on it is now. The balance in our approach is evident. True, everyone has found something wrong with it. But just to pick at individual parts of our proposal is to take a road labeled "delay and frustration." The proposal is designed as a package, and it has to be considered as a package. In this case, the whole is truly greater than the sum of its parts. Each of the parts is essential.

More importantly, concentration on single elements of the proposal can wind up diverting us from the real objective of this effort. That objective is peace and security for all peoples in the region. For Israel in particular, strength is a necessary ingredient for peace and security. But it is not sufficient.

In the long run, security can only be found through peace treaties with each of its neighbors. Peace, in turn, can only be worked out through a process of direct negotiations between Israel and each of its neighbors. Palestinians must be included from the beginning as part of a Jordanian-Palestinian delegation. Negotiations work. Each of these negotiations must be based on [UN] Resolution 242 which applies on all fronts. There is no place at the negotiating table for those who cannot accept that resolution as the basis for negotiations—and no place for those who practice terrorism or who deny Israel's right to exist.

An international conference is required to get to direct negotiations, but it must be structured, as you said, so as not to interfere with the negotiations themselves. To round out our proposal, there must first be negotiations on transitional arrangements—to give the people of the West Bank and Gaza, quickly, control over their political and economic situations and to build a better environment, an atmosphere in which to negotiate a final settlement. Peace is possible, and our proposal can show the way. But time must not be lost debating over this or that element. The United States has stood by Israel throughout its history, and it will continue to do so. We will stand with you to ensure security and work with you to secure peace.

The Bible tells us in Ecclesiastes that, "To every thing there is a season, and time to every purpose under the heaven: . . . A time to love, and a time to hate; a time of war, and a time of peace." This is the time and the season to move decisively toward peace. Our children and our grandchildren, years from now, must be able to see that this time when opportunity knocked, we opened the door and made the most of it.

## Secretary's Itinerary

| | |
|---|---|
| Depart U.S. | Mar. 31 |
| Rome | Apr. 1–3 |
| Jerusalem | Apr. 3–5 |
| Amman | Apr. 5 |
| Damascus | Apr. 5 |
| Jerusalem | Apr. 5–6 |
| Cairo | Apr. 6 |
| Amman | Apr. 6–7 |
| Qasim | Apr. 7 |
| Amman | Apr. 7–8 |
| Larnaca | Apr. 8 |
| Return U.S. | Apr. 8 |

### INTERVIEW ON ISRAELI TELEVISION, JERUSALEM, APR. 3, 1988[2]

**Q. During your last visit, you have left your detailed plan for the parties to consider it. Neither Israel nor Jordan did approve or reject your plan. Would you expect a definite yes or no this time, or will you still accept a maybe for an answer?**

A. Obviously, I have to accept what people give me. On the other hand, I think that people should consider an answer. An important letter was delivered, and we'll be looking for a response.

**Q. An answer—you mean an affirmative answer, yes or no?**

A. I think it's too bad to miss an opportunity for peace which is what a no would do. So, I think a yes is important.

**Q. And you expect a yes from both parties, from Prime Minister Shamir and from King Hussein?**

A. We'll have to see, I don't know what they will say to me, but I know this; that there are great needs for peace. How do you get there? First of all, thinking about it from the standpoint of Israel, but other countries as well. First of all you have to be strong. We know that. There is no substitute. It's necessary.

But at the same time we also know that strength by itself is not a sufficient condition to give you peace. Peace and real security come from negotiations with your neighbors, and a peace treaty with your neighbors. That's what you get it from, and so that's what we are trying to achieve.

**Q. Prime Minister Shamir indicated today that he does not expect any breakthrough during your visit. His associates wondered what brought you back to Jerusalem, knowing very well that Shamir would not retreat from his rejection of most of the components in your plan.**

A. I come because we have delivered a letter, and I'd like to see a response.

**Q. During this visit?**

A. I think it's very important that people understand exactly what it is that we proposed. Let me just go through it with you.

First of all, the heart of our proposal is direct negotiations between Israel and each of its neighbors. In the case of Jordan, and matters concerning the West Bank and Gaza, our approach says that this negotiation should take place between Israel and its Jordanian-Palestinian delegation.

**Q. On the principle of trading territories for peace?**

A. On the principle that Resolution 242 applies on all fronts. Now we think it's also true that anybody who comes to such a negotiation has to accept Resolution 242 and has to renounce terrorism and has to acknowledge the right of Israel to exist. Those are conditions that need to be met.

**Q. But Resolution 242 also says that Israel has to withdraw from territories both in the West Bank and Gaza.**

A. It says that and that applies on all fronts.

**Q. How would you expect—**

A. Let me please continue on and say we think beyond that, these negotiations need to start with the development of transitional arrangements, and we think that can be done fairly promptly. That would be a way of changing quickly the basic conditions of political and economic life for the residents of the West Bank and Gaza. I think that's desirable. We believe there is a widely shared view that it's desirable, and also it's not only that conditions would change—you would get into place a set of arrangements that will help create a better environment for negotiations of that final status. So I think that's a good idea, and that's embedded in our plan.

Now how do you get to these direct negotiations? We have wracked our brains about that. As far as we can see, the only way you are going to get to direct negotiations is through an inte national conference, but an international conference that has no authori no ability to tell anybody they have t agree on this or that or to negate an agreement that's reached between th parties. Let's say something you go t and which can start these negotiatio off and hear reports about them.

**Q. And to this international c ference, Prime Minister Shamir sa "Totally unacceptable."**

A. I think that many people wh have opposed this international conf ence have described it in a way that' different from what we propose. The describe a conference that has autho ity and will be the place where peop decide that your borders have to be here, there, or elsewhere. We oppos that kind of a conference. In fact, s a conference was proposed in the Se curity Council a couple of months ag and we vetoed the resolution. We th that it's the wrong way to go about The right way to go about it is by d rect negotiations between the partie and we'll stick to that.

**Q. Do you still hold to your o nal timetable, namely the international opening of peace talks by t end of April or the beginning of M**

A. It would be desirable to get going, no doubt about it. Of course, longer time goes without people sig on to our proposal, the less likely it to get started, but times are wastin

**Q. But you won't hold to a ce tain date to start these negotiatio**

A. We won't say that since we didn't make it by this date we will g home. But we do think it's importan get things rolling, and that's why w put the dates in there to give a sens urgency. They are still there, they a still possible, but they get less likel time goes by.

**Q. Still possible to have it by end of this month?**

A. Yes, it's possible.

**Q. Prime Minister Shamir—u returning from Washington—indicated that he is waiting for King Hussein's comment on your plan before submitting his own decisio King Hussein is probably expectin Mr. Shamir to be the first. Neithe them would like to be blamed for t failure of your initiative. How will you go about it?**

A. I'll talk to each one of them t how important it is to move for- d. They see the problems as well as I think that it's true and it's gen- y recognized that the *status quo* is satisfactory.

**Q. But who will be the first to init an answer?**

A. And I think it was the Prime ister who said a page has been ed, we have to write a new chapter. nk that is correct, and that's what re trying to do.

**Q. And you don't have any idea will be the first to submit an ver?**

A. I'll take anybody first.

**Q. Would you consider to submit rmal invitation to the peace talks, if you would know that not all of parties will accept the invitation?**

A. First the Egyptians have been favorable, so they have said yes, in t. And I'm sure that they would e to a conference, and they would ery interested in seeing these nego- ons go forward as bilateral negotia- s. I might say they agreed fully the conference should not have au- ity, and so that's one. Now—

**Q. That's easy.**

A. That's easy, but where we go n there, we'll have to see. But the s, beyond Egypt, of course, are ob- sly Israel and Jordan and, of rse, Syria. But Syria's position has n much firmer against what we're ing about, but they haven't actually I no either.

**Q. What will be the consequences Israel if the Israeli Cabinet, or east half of it, will reject your tiative?**

A. I think that Israel needs se- ity and peace, and all of us who are nds of Israel are trying to help get re. There is an opportunity right v. People's minds are a little more en, and they are more flexible, and y see the problem not only here but ewhere. So there is a moment, and I let's try to seize these moments.

One of the things that everybody s about the Middle East is that it's a tory of missed opportunities. Each le can go back and say, "Well look, were offered this at such and such a ne and we said no, but if we could ve that now, boy, we'd be in clover," d so on. So, here's another moment of portunity. Let's this time make the st of it.

**Q. And if Mr. Shamir and his colleagues in the Likud would not accept it, what will happen?**

A. They have to think over. It's not to answer as the President said. He said to the Prime Minister, "It's not that you have to answer me; you have to answer the people of Israel, and the people of the region, about how are you going to find the peace and security that we all seek. And here's an opportunity."

**Q. Let's go back for a moment to your meeting with the two professors, Professors Said and Professor Abu Lughud. You've justified the meeting with the professors being American citizens, not PLO [Palestine Liberation Organization] members. But these distinguished scholars got an approval of Yasir Arafat before the meeting and reported to Arafat after the meeting. So this is a PLO approval at least.**

A. I can't help the fact that somebody may talk to Arafat. They didn't come with any instructions or give me a message. We didn't conduct a negotiation. We conducted a discussion. It was a very good discussion—the kind of a discussion that I think would be good for us to have, and it would be good for everybody to have because we all say negotiations work. We want direct face-to-face negotiations. Then you've got to sit down with people and talk to them face-to-face. These are very reasonable people.

**Q. Even if they belong to an organization which is connected to the PLO?**

A. They are not members of the PLO, and as far as I'm concerned and as far as the United States is concerned, we will not talk to the PLO, unless the PLO recognizes Israel's right to exist and gets away from this notion of armed struggle, of terrorism as the basis for proceeding, and recognizes Resolutions 242 and 338 as the basis on which to proceed. Those are the tickets for admission to any dialogue with us. Frankly, I don't see that they are such onerous conditions. It puzzles me why they don't proceed. I should say it another way: The fact that they don't seem to come forward and meet those conditions is a reflection on their attitudes.

**Q. They are not members of the PLO but they are members of the National Palestinian Council which is the top institution of the PLO; the council which has created the famous Palestinian covenant calling for the destruction of Israel.**

A. These men think of themselves as kind of congressmen, you might say, who represent Americans who are of Palestinian ethnic origin and who care about Palestinians, and they represent themselves and the Palestinian National Council. As we talk, it's quite clear that they are men of peace, that they want to see negotiations take place with Israel. They don't have a doubt in their minds that Israel is here to stay, and so it was a very worthwhile discussion.

**Q. You don't think there is a violation in the agreement between the United States and Israel from 1975 in which the United States was committed not to negotiate with the PLO unless it recognizes Israel?**

A. These people are not members of the PLO. As a matter of fact, my meeting with them was not the first time, by any means, that people in an American Administration had met with them. I don't feel as though I have to justify meeting with distinguished Americans. After all, what is this, anyway? America is a country made up of people from all over the world. We have ethnic groups in our politics, and if you say you won't meet with an American because you don't like his ethnicity or have his aspirations about it, you're in bad trouble as a government official.

**Q. Did you take into consideration that Prime Minister Shamir won't give you a yes or no for an answer and he will call early elections in Israel and ask the Israeli public to vote yes or no for your program, for your plan?**

A. People in the Israeli Government have to decide what they believe is right for their country; that is their responsibility and their duty. I don't have any comment about that. That's not my business. What I feel is something that the United States, and I might say Members of Congress, members of the American Jewish community are very pleased to see this initiative. We're here to help Israel with its security, which is a fundamental matter. We're here to help Israel, if we can, find the way to peace which is an integral part of any genuine security.

INTERVIEW BY
ISRAELI EDITORS
AND CORRESPONDENTS,
JERUSALEM,
APR. 3, 1988[3]

**Q. It seems that this time—your third visit in this area—has become some sort of a media trip. You have suddenly focused your attention on meeting the Israeli press, on giving interviews, while you refused in your previous visits. Some Israeli observers would say that it's a sign of desperation, that your peace initiative has been stopped.**

A. To see the press only in desperation? [Laughter] As far as I can see, at least around Washington, the press is everywhere. I have followed a practice particularly since Mr. Redman [Department of State spokesman] came along. He has promoted the idea that when I am going to some area, or going to deal with the subject, I ought to meet with people in the press who deal with that subject. So I did that in Washington the other day, and it seemed to us coming here this time that I ought to be available to the press and respond to your questions, rather than just have my meetings with government officials and let it go at that, which is what I did before.

When I was here before, the last two times, first of all I was listening to people and developing a proposal; and then the second time, having listened and thought out what we might do and having had a chance to talk to the President about it in Brussels, I came back and basically delivered an important message and answered their questions about it. Our object then was to let that sink in and let people think about it.

This time I come—that letter having been delivered—I think it's appropriate now to be more available to the press and explain what we are trying to do and the ins and outs of it, that's all.

**Q. About a year ago when Mr. Peres and King Hussein reached their agreement, you were one of the primary causes why this initiative at that time did not come to better fruition. What happened that you changed your mind from opposing an international conference to supporting it, especially now that the circumstances and the frame of reference seems to be much worse in the point of view of Israel?**

A. We didn't oppose that before. We took the view that we had to work with the Government of Israel as a whole, and so we favored the idea of making progress. We've always said—I've said many times over the past couple of years and the President has said—that we favor direct negotiations, and we are willing to consider any way of getting to direct negotiations, including an international conference.

I don't know how many times I've said that publicly, and the President has said it. Now the words "international conference" are two words that mean many different things apparently. I find—and one of the things I want to be sure I explain carefully here—that many people describe something they call an "international conference" and then they oppose what they describe. What they describe is a conference where a bunch of people, most of whom are not that favorably disposed toward Israel's views, or at least that's what many think, would get together and have authority to impose their view about what Israel's boundaries should be and so on. That kind of international conference I would oppose; I'm not in favor of that. In fact, a conference sort of like that was proposed in the Security Council at the United Nations, and the United States vetoed it. It wasn't a very popular veto with many, but we didn't hesitate; we vetoed it. We do not favor that kind of an international conference.

What we have proposed is direct face-to-face negotiations, and we are convinced that you are not going to get into those direct face-to-face negotiations unless they are preceded by an international conference. We think the kind of international conference actually is not that different from what King Hussein and Foreign Minister Peres seem to have worked out last year. It is a means by which you get to direct negotiations. It has no authority as we would propose it, and anybody who comes and subscribes to the rules that we have in mind, anybody who comes would agree that the conference would have no authority to impose a solution and would have no authority to veto an agreement reached by the parties. It would be a way to start negotiations, and it would be able to receive reports on the status of negotiations.

President Assad said why would I want to come to such a conference? I can sit down with Israel any time I want, at least so the Israelis say. And I say, "Maybe you wouldn't, but this is the conference we are proposing, and we think that will work and has a chance of getting into direct negotiations which is the object."

**Q. Do you have the Soviets as part of this kind of international conference?**

A. I've discussed this matter wit them several times, and I haven't fel the situation was right to try to forc the issue particularly. I don't think t it really can be fruitfully discussed u til there is a better idea of what peo in the region are ready to do. I think that if people in the region are ready do something, then the international community is likely to respond to th But the Soviets, as is the case with Syrians, have favored an authoritati conference, the kind of conference th we oppose; so we wouldn't get toget on that. On the other hand, it may b that over time, we can work somethi through.

**Q. Are you going to fix a dead line, a definite deadline, by which time you will want to have a clear answer from the parties?**

A. We have set down some date our letter to the various leaders, including Prime Minister Shamir, and those dates basically say that we thi it's desirable to get going on this, ti are wasting. That's still my opinion. And so we will be pushing people to respond.

I think that people who search around and think about our proposa they don't like it, the problems are here; everybody recognizes that; if y don't like what we propose, what do you propose that has a chance of suc ceeding? And I think you'll have a h time coming up with something that has more likelihood of working. Of course, everybody has their own ve sion of exactly what they would like but you have to get something that parties to this dispute will all be wil to sign on to.

**Q. Given the Soviet and Syria positions on this international con ence, how can you guarantee that such a conference would not turn i an imposition of a solution agains Israel's—**

A. First of all, the ground rules that are part of our proposal as emb ied in the letter to Prime Minister Shamir would be the ground rules t people sign on to if they come to th

ference. That would be the under-nding. Presumably, in any letter of tation that would be sent, the und rules would be stated; and if r people convened they wanted to nge the ground rules, we would say, , we won't go along with that. We not be part of something that's dif-ent." I think the United States has intelligence and stamina to stand o that.

As a piece of evidence in that re-d, I'll refer again to the fact that a ple of months ago, I guess it was—I 't remember the exact date—such effort was made, and we vetoed it. was put forward in the context of at international concern about the ditions in the territories and the dif-lties going on there. It was one that t of dared you to veto this resolu-, so we vetoed it.

**Q. Haven't you already explained Mr. Shamir your idea, your con-t, of the conference? Why should agree now to what he rejected the t time?**

A. I'll explain it again. Prime Min-r Shamir is concerned about an in-national conference in which people ld gang up on Israel, and they uldn't be able to force Israel to do nething, but they would force a very leasant experience. That's what he's cerned about. We would be con-ned about that too, and we wouldn't along with such a situation. That's y the conference that we proposed is ferent.

Of course, the real point of our pro-sal is not the international confer-e; that is the way to what we think the key—namely, direct face-to-face gotiations. That's what you have to t to if you have any chance of settling s. Aside from all of the concerns that ve been expressed about an interna-nal conference, I think it's true—and is usually true in a negotiation—that e parties who are directly concerned e the ones who have to work it out cause in the first place, they know e situation best, they know all of the btleties that people who aren't di-ctly involved just don't have a feel r it.

Furthermore, I think it's always e case that if you and I have to live ith something, and somebody just im-ses it on us, we don't feel the respon-bility to make it work. But if you and work it out together, and we say, "All right, this is the deal," then we undertake a kind of responsibility to make it work. So it's much more likely to work under those circumstances.

Direct negotiations have immense benefits in terms of something that can actually be a practical operational way of getting something done. That's why we favored that. But the question is, how do you get there? You can't apparently just spring into them; you've got to find your way through an international conference as we see it.

**Q. If, after all, Prime Minister Shamir's response is "no," what kind of alternative is there going to be then?**

A. We haven't had that response, and I think it's apparent that people don't want to say "no." Why don't they want to say "no?" What's the reason? The reason is that everyone sees that there are problems. And what do we want? We want Israel and the other countries of the region—but here we are in Israel. Let's focus on Israel. We want Israel to have security. If you don't have security, you don't have anything.

We must have security. How do you get to be secure? First of all, you have strength. And we know that. We live by that in the United States too; we understand that. We support Israeli security through strength. That's fundamental.

I think it is also true that strength may be a necessary condition for security, but it is clearly not a sufficient condition. There has to be something more. What is the something more? The something more is peace with your neighbors. I am sure that even after you have achieved peace with your neighbors, you'll still want to be strong. Strength is the way you ensure the peace as well as get to peace. But maybe it is not quite so much. So there must be strength, but there also needs to be negotiation to find a peaceful relationship in the neighborhood.

**Q. Would you expect Prime Minister Shamir to give you a "yes" or "no" answer to the American proposal? And supposing that he continues claiming to be against an international conference, would you still think you may proceed with your initiative and ask the UN Secretary General to write invitations to the parties to continue with this move of an international conference?**

A. We will work, of course, with the key parties, countries, in the region, and we will work with Israel. If Israel says "no," then we will not try to go over Israel's head with an international conference. We are too good a friend and too good an ally. We are going to do things together. It wouldn't work in any case. So Israel is a country that has a decision to make. I think it is an important decision to enhance its security, to enhance its opportunities for peace. We will consult with and, of course, we will work with Israel.

**Q. Many Israelis consider your meeting with the two Palestinian professors the other day in Washington a deviation from the American commitment to Israel not to negotiate with the PLO. Is it your position?**

A. Our view is that it's not desirable at all to have discussions or negotiate with the PLO under the present circumstances. There have been some conditions set out for a long time, and we stick to them. The PLO should acknowledge the existence and the right to existence of Israel. The PLO ought to say that they are willing to negotiate and accept Resolution 242; and, at least in my way of thinking, they need to renounce terrorism or, so-called, armed struggle, as the way; acknowledge that negotiations are the way. Then we talk to them but not until then.

The two individuals that I met are not members of the PLO. I know that people debate about these different kinds of organizations that have the label "Palestinian" on them. They are—at least as I talked to them in the rather lengthy conversation that I had with them—very intelligent, thoughtful people who are looking for a negotiated way through these problems, who don't have the slightest doubt in their minds Israel is here to stay. We had a conversation in which we didn't agree on a lot of things, but it was a good conversation.

I might just say beyond that they are distinguished Americans. They consider themselves part of the Palestinian Diaspora in a sense. Like other ethnic groups in the United States, they regard themselves as U.S. citizens, but they are also interested in the ethnic group of which they have roots. I think it is part of the tradition of American Government and politics that you talk to people, whatever their ethnic group may be, and listen to their concerns.

That's what I did. Frankly I am shocked that anybody should think that I shouldn't talk to Americans like that.

**Q. In what way a negative response that Prime Minister Shamir might affect that might affect American-Israeli relations? [Sic]**

A. American-Israeli relations are strong, and they are going to stay that way. We are good friends. I am a good friend of Israel. I am here to try to help. I know my efforts are viewed that way, even if people don't necessarily agree with the elements of our proposal. But we start with the fact that we are good friends, and we recognize the importance of security. It's obvious, and we'll help with security. We also think that security goes beyond military capability, and it has to reach itself out into peaceful relationships in your neighborhood. That's what this effort is about.

Right now there is an opportunity because people's minds, I find, are a little more open, a little more flexible, so you want to take advantage of an opportunity. I've come to another conclusion—I suppose it's the reason why I keep struggling at this, and I've struggled at it ever since I've been Secretary of State.

I've now had the chance to talk at considerable length with many leaders of the Arab world about these problems. I've talked with Mr. Peres about them. I've talked at great length—just the two of us sitting in my house in Washington or here in his house—with Prime Minister Shamir, and I can't help but feel on the basis of these discussions—it's just that I can feel it in my bones—that if we could ever get ourselves to an honest-to-goodness negotiation, there's an answer there waiting to be found that would somehow suit everybody's purposes. But we'll never find it unless we get into that negotiation and discussion. That is the only way. It's not going to come out of the blue. It's going to come out of a lot of long, hard, difficult, arduous talk. But it's there, if people will look for it.

You all heard of Yogi Berra, the catcher for the New York Yankees. He has a lot of little sayings, and he has one, I think, that, "You can't see if you won't look." You're never going to see that answer unless you go look for it. How do you look for it? You look for it through direct face-to-face negotiations. That's what we want to have take place. So far as we can see, you're not going to those face-to-face negotiations except that you pass through and have some sort of a blessing from an international conference.

**Q. Why not first secure Syria's and Jordan's consent before returning to Israel and asking Mr. Shamir to cooperate? I mean, this thing that you are doing—I mean the dissent within Israel—it isn't helping it any.**

A. I had to go to all the countries. I have a tendency to start in Israel and talk to people here and then go around. I just make this circuit a couple of times. I will be here tomorrow talking with leaders of Israel. On Tuesday, I'm going to go to Jordan. I'm going to go to Syria and come back here, talk a little more with the leaders of Israel, and then I am going to go to Egypt. Then I'm going to go to Jordan—I think is our plan—and then I'll go to Saudi Arabia, see what they have to say [and] come back to Jordan again. So I am trying to needle everybody.

**Q. Mr. Peres said "no" three times more to the PLO, "no" to return to the borders of 1967, and "no" to a Palestinian state. Do you agree with all three?**

A. Absolutely.

**Q. "No" to a Palestinian state?**

A. "No" to a Palestinian state, "no" to the return to the borders.

**Q. And "no" to the PLO?**

A. King Hussein told me once some years ago—I hope this isn't revealing a confidence; I don't think it is. He was emphasizing the importance of having Palestinians involved from the beginning, the importance of having some kind of negotiating authority. And I forget what triggered him to say this, but he said, "Look, if what was involved here was the return of Israel to the 1967 borders, I don't need any representation. I can go make that deal any day."

But that's not the deal. That deal is not in the cards; therefore, you know that what you're going to have is a negotiation. There's going to be a lot of give and take. Something different will emerge. That's why you need the backdrop of the legitimacy of the negotiation, and that's why you need the involvement of the Palestinians who are going to be directly concerned because if you are going to make compromises, then people whose interests are involved have to be present. Otherwise, it won't stick.

**Q. Do you support the Allom plan? I am sure you know about it.**

A. I think I know about it. It's a imaginative plan, but I think that I would like to see us in direct negotiations, having finished the negotiation for transition arrangements, and get them into place and get ourselves goi promptly on discussions of final statu I do believe that the idea is a very correct idea, that experience with th workings of transition arrangements will lead people to reflect on what is more possible or less possible when i comes to final status.

I agree with that theory, as distinct from the theory that some expr that first you should agree on final s tus and then work out the transition get there. I think that a good and su cessful experience with transition arrangements will lead people to be m flexible and feel that they can be mo imaginative and creative in the final status negotiations. That kind of a p ess I agree with.

This is a long way around to say that any particular plan on final stat I think, will benefit from the experience that I hope people will have wi transition arrangements.

**Q. Has a meeting been set up with the Palestinians? But that's n the real question.**

A. The answer is "no." You get that one free. Not that I wouldn't w come a chance to talk to Palestinian but I've tried that here a couple of times, and they didn't come. So I do have any plan to try again.

**Q. Since the Reagan Administ tion has now a terminal date that certain, doesn't that mean that th is also a point at which before tha date the initiative, if not successful, would naturally have to be suspended?**

A. We—the President and I—didn't start on this until we'd had a of discussion with people in the Uni States who are especially interested this area, not only members of the American Jewish community but a l of the leaders that we know and wo with and admire [and] also with Me bers of Congress in both the House Senate and on a bipartisan basis.

Obviously people may have arg ments about this, that, or the other what I may have done or what our p posal is. But there is very broad su port for the idea of an initiative her because there is very broad support the deeper security that comes not

m being strong but from having aceful relationships. We tried to build that way so that there is the kind of ential continuity that comes from oad bipartisan support.

Obviously when the Administration nes to an end and the President ves town and I leave town, somebody e will take up the burdens and the portunities. What I would aspire to o accomplish as much as possible, to leave to my successor something work with that's positive and on- ng. We'll see if that's possible.

**TERVIEW WITH JORDANIAN NEWSPAPER EDITORS, MAN, R. 5, 1988[1]**

**Q. We have noticed from the news we ceived from Jerusalem yesterday at you did not bring with you an raeli agreement to the American tiative. What happened there was a paration between substance and the ocedural matters. According to hat we understood from the Israelis, e procedurals are the international nference and the principle of land r peace. Did the Secretary accept e Israeli tactic? Did the Secretary ing with him an Israeli answer hich makes us more optimistic with u in the initiative that you're rrying?**

A. You've asked a lot of interesting estions in the bundle of comments. lets just put things in terms of how see our initiative at this point.

After a lot of discussion with the aders of the key countries here—of urse, we had a lot of discussion with ing Hussein, with President Mubarak, ith Prime Minister Shamir and Forgn Minister Peres, with President ssad, and in various ways we heard om Palestinians. And out of that, we onstructed an initiative. It didn't kind spring from a think-tank in Washgton somewhere. It sprang out of our iscussions with people, and we feel the itiative is a balanced one. It takes ccount of the concerns that everyone as, and it puts forward things that eet some of the desires, although it oes not satisfy everybody. That's its alance.

Now having done that on my last wo rounds, this time I am trying to xplain it, advocate it you might say, nd persuade people they should go long with it.

I visited in Israel yesterday, and I talked to the Prime Minister, the Foreign Minister, and also Defense Minister Mr. Rabin, and views vary. I think in Israel, some are much more favorably inclined to all of our initiatives than others, and, of course, some of our initiative appeals to everybody. It's a mixed picture, and I have had the opportunity to describe that picture to King Hussein as faithfully as I could do it.

I believe it is of great importance to maintain the momentum of this initiative, to increase understanding of it. Why? Because there are real problems here, and we need to get after them and do something about them. They've been around a long time, but they're not going away. They're becoming more insistent. And there is an opportunity, a moment, because at least as I have sensed it, there's a little bit more flexibility in people's minds to consider what the other person's view may be. So I came back to the region, I have talked in Israel with the leaders there, and I have gotten a variety of responses. I haven't had a "yes;" I haven't had a "no." I'm getting tired of saying that, but that's a descriptive statement everywhere. And I will keep working at it.

Perhaps it's worth reflecting on why it is that people seem so reluctant to say "no." I think the reason is obvious; that they at least see that what we've proposed has merit, and it is the proposal around that is possible to work on. In the absence of any effort, any motion, any attention to these problems, it's deeply troubling to people. So for that reason people want to keep going, and we want to keep going. I want to argue for all the elements of our package.

**Q. You announced 2 days ago your approval to the Israelis' three "no's": "no" to negotiating with the PLO; "no" to the Palestinian state; "no" to going back to the 1967 borders. Can the United States play the role of an intermediary in the search for a just solution in the area?**

A. I think we're trying to do that. It doesn't seem to me in the cards to think that you can just go back to the 1967 borders. In our proposal, we say Resolution 242 applies in each negotiation. And so obviously the question of territorial compromise is put into play by that. But that's what the negotiation has to be about: What is the nature of that compromise, and how will this work itself through?

As far as the PLO is concerned, of course, I have tried to talk with Palestinians in various ways, directly and through making a statement to them and meeting with some individuals. The PLO as such has in its covenant the idea that it wishes to eliminate Israel, that Israel has no right to exist. It advocates armed struggle, or terrorism, as a method, and it hasn't been willing to accept Resolution 242 as the basis for negotiations.

As far as we are concerned, we don't see what's so onerous about changing those conditions. After all, Israel is here; it's here to stay; it's not going to go away; it exists. It has some very remarkable achievements to its credit. It can play a genuinely constructive role in this region. So we think the PLO ought to change that. We think the PLO ought to say, "It's negotiations that can get somewhere, not violence. And let's negotiate on the basis of 242." When they do that, we'll be willing to talk with them, but before they do that—how do you talk with somebody who says they're out to exterminate you? I think that's the way the Israelis look at it, and we think there is very compelling merit to that position. Maybe the PLO has to do some changing too, or the Palestinians do.

**Q. The general impression in the Arab world is that U.S. policy is against the Arabs and their wishes and their aspirations and at the same time this policy favors Israel. And the reason for Israeli existence and its power is the United States. The question is: Is the United States, which offers Israel all this support, capable of exerting pressure on Israel or not?**

**We believe all American initiatives and proposals are either to conspire against the Arabs, or they are illusionary initiatives. We have a reality before us that in 1956, former President Eisenhower put pressure on Israel and forced it to withdraw from occupied Arab territories. And we mention this thing always with thanks.**

**As far as we are concerned, the issue is that of total withdrawal from all the territories that were occupied in 1967 and the United States is the only country which can realize this. Even when we are talking about an international conference or any other**

**vehicle, [it] is only to help the Arab side *vis-a-vis* the full U.S. favor of Israel. The basis of any solution, however, is not procedures or the way to go about it; the basic matter is the withdrawal of Israel from the occupied territories. We believe that the United States is capable of doing so, and we demand that the United States do so.**

A. I don't know that that's a question as [much as] it is a statement of your point of view. But let me take it as a question in which you said at the end "and what do you think of that?," or something that gives me a chance to respond.

The United States has, over its history, had friendly relationships with all the countries in this region, and our efforts have been a contributor to much of the development and much of the good that has taken place in this region. We want to keep our relationships that way and continue to be a contributor on a broad basis.

As far as Israel is concerned, of course, we have supported the coming into being of the State of Israel. Israel is a country that has been surrounded by hostile states and has had to defend itself in war after war; and so naturally, perhaps more than most any country that you see around, it is preoccupied with its security. I think that's understandable. So the United States has always tried to help Israel with its security problems. We will continue to do that. There is no prospect the United States would say to Israel, "Either you do such and such, or we're going to stop supporting you in your efforts to create security." That is not going to happen, and I'm sure you know that.

That doesn't mean, by any means, that we don't try to work toward a just and sensible and fair resolution of the tensions and problems that are here. The proposal we have and we're talking to people about was developed with a lot of consultation here and in other countries, and we think it's a fair proposition. If people will sign onto it, maybe we can get somewhere; not by decreeing to people that you've got to do this or you've got to do that but by getting people into a dialogue with each other and talking with each other in negotiation with each other.

I can tell you I have talked enough with the leaders in this region to feel in my bones that somehow if a genuine negotiation could be constructed, we could find an answer. There's an answer there. But I don't think it's going to come by dictating to somebody what they should do, and I don't think, as I said earlier, the answer is a return to the 1967 borders because I don't believe that is in the cards. But that doesn't mean the whole issue of territorial compromise and the pattern of political control over how you live your life can't change. It can change. It has to change in order for there to be a more satisfactory situation and everybody can see that.

The question is: How do you bring that about? That's what our proposal—which is kind of, as your initial comment suggested, a combination of procedural matters with some substantive understanding that you have when you start—that's what our proposal is designed to try to bring about.

**Q. You mentioned several things in your answers. You talked about the proposal being balanced; you talked about compromises having to be made; you talked about that you thought the process you're proposing is fair, that it was done after consultations with all the parties. But when we look at the American position, whether this particular proposal or the Reagan plan or Camp David or other ideas that come from the United States that have been trying to play the impartial mediator's role, we don't see balance. We see very clear contradictions based on principles of morality and principles of political legitimacy that the United States itself has put forward.**

**For instance, the concept of self-determination was coined by an American President, Woodrow Wilson. In 1947 the United States voted for the General Assembly resolution which accepted an Israeli state and a Palestinian state. You just said in one of your answers that the United States supported Israel's creation. In that same vote, you supported a Palestinian state as well. Today the American Government will not accept the principle of self-determination as applying to the Palestinians; you do not accept a Palestinian state; and you do not accept to talk to the PLO.**

**The PLO thing perhaps can be worked out in a negotiating process; but the concept that the Palestinian people as a people who identify themselves as a people and a national entity with an identity, that these people do not have the same rights a the people of Israel, this is the perception that the United States bring to the conflict. You ask the Arabs a the Palestinians to be involved in a negotiating process, that we have to *priori*—the Arabs have to—recogniz Israel's existence, its right to existence, and its international security and the Palestinians are offered legi imate rights.**

**Legitimate rights sounds nice, but it has very little meaning in inte national law and certainly there is a clear imbalance in what the Israelis are given *a priori* and what the Palestinians are asked to get into the negotiations and see what they can get out of it.**

**When you arrived in Israel, we heard your quote about a time for w and a time for peace. I can give you quote from Matthew 7:12 which say: " . . . whatsoever ye would that mer should do to you, do ye even so to them. . . . " It's the Golden Rule. It the basis of Judeo-Christian-Muslin ethic. It's the concept that people a treated equally. In Palestine we hav the Israelis and the Palestinians, tv people who have to have their right recognized, but the proposals that t United States gives us, we see imbalanced.**

**The question I have based on these points is: On what legal and what moral bases does the United States want to play the impartial m diator's role, but brings to bear this kind of intellectual and political moral imbalance? We just don't thi it's fair. And, related to that you quoted Yogi Berra. Casey Stengel once said, "It ain't fair."**

A. That was just for the umpire.

**Q. We say, "It ain't fair." We would like to hear your opinion on how you reconcile these imbalances**

A. Of course, somebody who off good offices and tries to help people solve problems in the role of a mediator, say, or an involved party as a friend of both sides only can be effec tive to the extent they're accepted. A basically that's the only basis on whi we proceed. Our acceptance has vari from time to time, but broadly speak ing the United States has been—acro the board—generally a country that' tried to solve problems and help othe solve problems. So that's our basis fo going forward.

As far as the principle of self-deter-ation is concerned, in this region, it come to have a special meaning—ely, an independent Palestinian e. Of course, on a more abstract el, self-determination subdivides it-, and it has to do with the elector- that you define and things like that. fought a civil war over that subject he United States in a sense. Our w is that an independent Palestinian e on the West Bank and Gaza does make sense. It's not economically a t that can operate effectively, and it ld seem to be a formula for further isiveness and conflict and tension.

On the other hand, it does seem to -and it's an observation—that there people who identify themselves as estinians. We are very familiar with t identification in the United States. t's what we're made up of. So we lerstand that, we sympathize with t, and so we seek some workable y that these interests can be served. think that perhaps in confederation h another state or states is some t of an answer.

I am sitting here in Jordan. Jordan s had a historic relationship with ple on the West Bank. Egypt has d its relationship, particularly with ple in Gaza. And so there are poten- l attachments that people can have. you ask me what am I, I might say I a Californian, and if George Bush re here he would say, "I am a xan." We also say we are Americans. u can have multiple identifications d feel good about them.

**Q. One of the stumbling blocks r the convening of an international nference is the divergent opinions d viewpoints between the United ates and the Soviet Union, specifi- lly regarding the mandate and the thority of the international confer- ce. The second point is, of course, e Palestinian representation. Do u see the possibility of some recon- liation of your opinion with the So- et Union regarding these two major sues?**

A. I don't know whether we will be ble to resolve our differences on that. Ve have discussed a lot of things re- ently and resolved differences, so aybe we will and maybe we won't. In ur view, the place to resolve differ- nces between two states is in discus- ions between them, and that's because hey basically know more about their wn disputes than other people do. It's also because whatever the answer that emerges from the process is, if you and I have done it together and we feel that it's our answer, we're going to feel much more committed to making it work than if it is something somebody imposed on us.

We think that the people directly involved have to be the ones who negotiate it out, and we accept that an international conference of the kind we have described is an appropriate vehicle for getting into those negotiations and for hearing reports on the status of negotiations. We think the essence of the negotiation ought to be in bilateral negotiations, and that's what our proposal is. There are others who look at it a different way. But we thought a lot about it, and we think an international conference that is authoritative, that intends to impose solutions on people or veto things they decided for themselves they wanted to work out is just not a good way to proceed.

**Q. There are obvious reservations by Syria, Jordan, and the PLO regarding certain elements of your peace initiative, and, of course, there are strong reservations by the Soviet Union. The Prime Minister of Israel has more or less rejected it outright. Sometimes one wonders, in spite of all these misgivings, how come you are still persistent and optimistic and you think that you will be able to make a breakthrough. Why do you think your initiative is the most suitable, workable formula for achieving peace in the Middle East?**

A. I keep going first because I am stubborn and I see there is a big need for something constructive to happen. And as I said earlier, I feel if we can manage to get there, there is an answer to be found. I can't describe it to you exactly, but I've heard enough key people talk about the subject to think that possibility is there.

That kind of keeps me going, and I'll keep at it for those reasons. But after a while, of course, if everybody says "go home," I'll go home. But that's not what people say. They say we need to keep things alive, and there are problems, and we need some help in trying to solve them and keep going. So I'm doing it at least for the present.

**Q. A specific question about Jerusalem. How does the United States consider the Arab part of Jerusalem? Does it consider the east part of Jerusalem as part of the occupied Arab territories? Does it consider the Palestinian Arab inhabitants of east Jerusalem included in the transitional arrangements? We would like to know the position of the United States regarding this issue.**

A. The position of the United States is that Jerusalem should remain a unified city, not be divided, be unified. Exactly how the status of that should work is an appropriate subject for negotiations. In that sense, it fits within the 242 definition—we think it must, should, remain as a unified city.

It's obviously the most complicated and difficult of all the issues; here you see involved a religious coming together of different faiths and it's a point where the tensions about that are very great. Perhaps also it may be that in the end that very fact would give an opportunity to do something constructive in a unified Jerusalem, but we don't think it makes sense to divide it up again the way it was. I have the feeling most people feel it should be unified.

## INTERVIEW ON ISRAELI TELEVISION, JERUSALEM, APR. 6, 1988[5]

**Q. With your permission, let us start with your trip to Amman. Did you touch base with King Hussein? Did he give you a principle go-ahead for your plan?**

A. King Hussein gave us some questions which showed that King Hussein is ready to be engaged in this initiative for peace. He is a partner and is ready to talk and think and work and try to find answers, because he is a man of peace, and he sees the problems that we are addressing.

**Q. Would you say that this is the principle go-ahead from the King?**

A. No, he didn't say—as I keep saying—he didn't say "yes" and he didn't say "no." But what he said was, "What does this mean, and what does this mean, and what does this mean," but it's all by way of, I would say, positive engagement in the process. That's what we need in order to get this thing off the ground and running, and King Hussein in that sense—

**Q. Now you are bringing some answers or clarifications to the King from Prime Minister Shamir?**

A. These are questions put to us about, so to speak, our initiative, and what did various things imply. It's up to us to develop the answers to that, and I hope by the time I get to Amman tonight that we will have worked those through and be ready to answer the King's questions.

**Q. Is the King trying to modify, to cause a modification of the plan or some sort of an extension of this?**

A. It's a question of amplification, really, and that's the process that I have been engaging in here as well; to explore, to fill out, in a sense, this initiative. The initiative itself, you might say, is kind of a skeleton, and it has a procedural element in it, and it has a substantive element in it. In order for that skeleton to live and breathe, it needs flesh and blood. That's what we have to put on to it.

For example, we had quite a little discussion here about the relationship between transition arrangements and negotiations about final status. How do they interrelate together? It's my conviction, and I think shared to a great degree here, that a good experience on transition arrangements will have a major impact on people's thinking as to what can be done by way of territorial compromise and security arrangements and so forth in final status talks.

It's also my conviction that the existence of talks about final status that have the appearance, as you know, unless there is a reality there—have the appearance of being constructive, will themselves make a major contribution to how well transition arrangements work. There's an interplay here, and it's that idea that is behind the interlock in our proposal—the way in which we have suggested the way dates should interpose themselves to, in a sense, express that very idea. We talk about those things, and that's a good kind of thing to talk about.

**Q. You talk about the transition period and the relations between the interim agreement and the final status of the West Bank. Don't you feel that there is a contradiction to the Camp David accords by shortening the transition period?**

A. One answer—kind of a debater's answer, I suppose—would be that after all, there's been a lot of time elapsed, but we're talking about the situation as it is today, and Jordan is not a party to the Camp David accords. I think we have to see what they will do and see what will work. But there are certain circumstances, and we only can make suggestions. The question is whether or not Israel thinks that these suggestions are worthy suggestions; and if the answer is no, the answer is no. But we shouldn't be barred from trying to make constructive suggestions that can get things going.

**Q. Let me put it, please, very bluntly: Do you feel that there is a possibility that the King will join in on the process without having some sort of at least tacit blessing from the PLO? Is he willing to come in alone?**

A. The King feels, and our initiative also contains, the idea of an international conference. That conference has as its purposes first of all, to be a way to sponsor the direct, face-to-face negotiations which are the heart of our proposal and which I believe is the place where the work needs to be done; and second, to be able to receive reports from time to time on the status of negotiations. Those are the functions of the conference as we see it.

The ground rules for it—that would be agreed to in advance, that people accept our proposal—would be that the conference has no authority to impose solutions on anybody, and it doesn't have any authority to veto arrangements that any two parties might agree to.

Its role is basically a sponsoring role. That's what we see it for, and King Hussein feels that's a very important thing to put into place, because, after all, the guiding resolutions under which the negotiations take place are Resolutions 242 and 338 sponsored by the UN Security Council. The five permanent members would be present and be part of the sponsor for the bilateral negotiations.

**Q. Am I correct in reading you as saying that the King no longer sticks to a previous remark of his—that is, when he said, "I am going to the conference with the PLO not behind me, but side by side."?**

A. Our initative calls for the negotiations on West Bank-Gaza matters to be conducted by a Jordanian-Palestinian delegation; and the presumption would be that when the King, his representatives, attend an international conference, they would attend as a Jordanian-Palestinian delegation. That means you have to find Palestinians to be in the delegation. What are the characteristics of those Palestinians? First of all, they have to be legitimate representatives Palestinians. You can't take the view, as Israel, we'll look around for the Pa estinians we like that tend to agree with us, and they'll be the representatives of the Palestinians. No way. T people who represent any party have be people who are regarded as legitimate fighters for their side of the arg ment. Otherwise, they're not worth having there.

**Q. But the Palestinians regard their representatives PLO members**

A. You have to find those individ als. We all know that the PLO has an does stand for things, and there are people who have committed acts of te rorism, and the PLO has as part of it covenant that Israel should no longer exist and it's committed to violence, t armed struggle as a means. As we se it—in the United States anyway—we won't talk to the PLO or negotiate w the PLO as such, unless they change those matters. I think individuals tha you would expect to be in a delegatio according to our initiative, should ste up and say, "I renounce terrorism. I accept 242 as a basis for negotiation.' Resolution 242 contains in it the reco nition of Israel. So you basically com on to the scene through that kind of spectrum.

**Q. How do you explain the fact that Palestinian leaders, personalities, refused to meet you unless they were American citizens?**

A. As a matter of fact, I met tw Palestinians—one from the West Ban and one from Gaza—who came to Wa ington. I met with them, and I did tr to have two meetings—on two differe occasions when I was in Jerusalem— with Palestinians whom we invited, a they didn't come. Of course, it's for them to say why they didn't come, bu we had word from many of them that they had threats against them if they did come. I have no reason to doubt it and so they didn't show up.

I did, however, make a point of going to the meeting place and makin a statement to Palestinians, and I'm sure you saw it. It was designed to sa to them, "If you had come, here's wh I would have told you, and I would lik to hear what you have to say." We ha to have a dialogue with Palestinians, and talk to them and recognize that they have legitimate concerns and rights and those have to be served in this process. They're people, too. The

e aspirations. The situation they're oday doesn't give them any ability atisfy those aspirations. So the nediating process has to include them, r they have to be able to speak for themselves.

**Q. Am I right in assuming that through this package, if accepted by King Hussein and the Israelis, you expect to force some sort of a transformation of the PLO so as to make it qualified to be a partner or to send people into some joint delegation?**

**A.** I'm not trying to force the PLO. They have to make up their minds what they want to do. But at least as far as I'm concerned and as far as the United States is concerned, if they want to be a part of any constructive process, then they've got to behave like constructive people. Otherwise, they go on off and do whatever they want. In the meantime, we have a very determined effort about terrorism as you do. We don't have any ambiguity in our minds about our attitude toward terrorism.

**Q. It seems that you wouldn't have initiated your plan unless it was the uprising in the West Bank and Gaza. How do you view the Israeli treatment of this uprising?**

**A.** Let me differ with you on the first part of your question. Our thoughts have a long derivation, and they are not addressed to violence. They're addressed to underlying issues that are here and have been here long before there was the current wave of violence, and they'll be here, I might say, after the violence subsides. They are not going away. They have to be addressed. The violence, I imagine, is a kind of statement about the frustrations that the people in the West Bank and Gaza have about the conditions under which they live and their lack of ability to have control over it. That's what this is expressing.

As far as Israel's handling of this is concerned, I would just make the following points. First of all, it's up to Israel to maintain order in these territories. That's a responsibility that Israel has. Second, I think in any circumstances, you maintain order in the most humane way you possibly can. And third, I think, the lessons of how you handle this kind of disorder, anywhere, do come down to saying to people that there is a capability and willpower to make sure that the violence will not succeed, and it will be exercised. So it's pointless.

At least in the United States, when we had, if you remember, our riots in the cities with the burnings and so forth, what turned out was people saw whose schools are burning, whose children aren't going to school, whose stores are being wrecked. It's ours. What are we getting out of this? That begins to have some effect, and the violence subsides, but the reason for it doesn't subside, and we should address ourselves to that reason.

**Q. How did the present situation in the West Bank and Gaza, or Judea and Samaria, affect your mission—your present mission—to the Middle East? What is your assessment?**

**A.** Whether it has an impact on people's thinking, I don't know. It probably hurts my mission in some ways and helps it in others. But I have not focused on that issue during my talks. It hasn't been brought up very much.

I suppose, to some extent, the fact that there is the violence leads people to say we shouldn't be talking about a political initiative until that has been dealt with. In that sense, it also causes people to get very uptight, understandably. That hurts the mission to some extent. I suppose on the other hand, it is saying to people, "There is a problem here; we'd better address it."

Anyway, from my standpoint, the problem—the basic problem—is not the violence. The basic problem is that you've got a million-and-a-half people who are disenfranchised. Their numbers are growing. They're there, and they have to be dealt with. They have aspirations. They have capability. They have children. They have grandchildren. They want a future. If you just ignore it, there'll be a big penalty.

**Q. You expressed your opposition to a Palestinian state in the West Bank, so how do you see the final status of the West Bank within the framework of the autonomy? How do you see it? You are talking about 1.5 million people? What is the best solution now in your opinion?**

**A.** The best solution is a solution that emerges from negotiations. I'm not smart enough to know the best solution. I think that people have to sit down with each other. The people most immediately involved when they can get help, certainly the United States is willing to help, if we are wanted, but basically they have to find the answer. I've talked with enough of the leading people in detail about this to be convinced myself, in my bones you might say, that there is an answer waiting there to be found. But it's got to be found through a process of negotiation, and what the negotiators agree on is the right answer, not some answer that somebody thinks up.

It doesn't seem to me that you can take out of the space of the West Bank and Gaza something that makes sense as a national entity. It needs to affiliate itself with national entities that are here, and there are historic affiliations of people with the customs and the laws and so on of Jordan and Egypt. I think there is room for some sort of federation.

I said the other day that if you ask me my affiliation, without thinking about it, I might say, "I'm a Californian," whereas if you ask George Bush, he might say, "I'm a Texan." But we're also U.S. We're first and foremost U.S. But at any rate, it's possible to think of yourself as a Palestinian, I should think, but also think of yourself as part of something that has a broader scope. I don't see any contradiction.

**Q. How do you explain that in spite of the fact that you've moved toward, let's say, more understanding of the Palestinian cause—you've been speaking in the American Colony Hotel about Palestinians taking full control over political and economic decisions—how do you explain, then, the opposition to you? The West Bank is covered with slogans against Mr. Shultz. Mr. Arafat is preventing anybody from meeting you, etc., etc. It seems contradictory in a way.**

**A.** I have a thick hide, and I'm very stubborn. I have to say what I believe, and people have to think about it and let it sink in. They don't like, I'm sure, what I say about an independent Palestinian state. They probably do like some of the other things that I believe about the capability and quality of Palestinians. I know many of them. I've worked with them in my business days, and I think they have a lot on the ball, and if you give them half a chance—so people have to sift it out.

**Q. According to your plan which calls for trading territories for peace, Israel would have to give up some parts of Judea and Samaria and Gaza. What about the Israeli-Jewish settlements in these areas? Will they stay under Jordanian-Palestinian sovereignty?**

**A.** People have to negotiate about how these things would work, but it

seems to me that—and I've talked about this with President Reagan, he has the same view—somehow in any settlement, if I were negotiating on the Israeli side, I would want to be sure that Jews have a right to live in these areas. On the other hand, if they want to go live somewhere, they have to live under the laws that are there. But they should have a right to live there, I think.

**Q. Another question concerning your future meeting with the Soviet Foreign Minister, Mr. Shevardnadze. I assume that in 2 weeks time, you will meet with your Soviet colleague. What do you plan to discuss with him, and also do you intend to issue a joint invitation to the parties concerned to come to a sort of international conference?**

A. I think that would be premature for us to go and meet and do that. In a sense, you first have to assure yourself here that the key countries involved and people involved want to receive that invitation and will accept it. There is no point in issuing an invitation that nobody accepts.

[Interruption]

A. No, we're not there yet, and there are plenty of difficulties. On the other hand, I think the importance of the idea of an initiative for peace is universally recognized. Ask yourself, why is it that nobody says no? I don't think it's just because they want the other fellow to get the blame for stopping things. I think it's because people see that there are tremendous gains to be made in this area, if we could have a more constructive and peaceful situation. Let's not aim for perfection; just let's have it a little better and a little more flexible. The gains can be quite evident, and at the same time, I think, people can see that, after all, this is a volatile, explosive area, so the potential dangers of not dealing politically with the issues are also very apparent. It's those considerations that are the driving forces and which, I think, account for the fact that everybody wants to keep working at it. As long as that's the case, we'll keep working on it, and it is the case today.

**Q. Will you take a no "no" for an answer?**

A. A no "no?"

**Q. If nobody says "no," is it an answer? Is it a good enough answer for you to carry on?**

A. I want to see us making headway and not just sort of leave the scene with nobody saying "no"—that's not what we're after. We're after progress. We're after the emergence of a set of negotiations that have the promise of a political settlement of these issues. That's what we're after. So we have to be positive about it.

**Q. If you take the optimistic assumption that the Israeli Cabinet will approve your plan, what kind of commitment would you be willing to give to Israel—long-range commitments I mean—concerning the political, economic, and defense relations between the two countries, maybe in the form of a memorandum of understanding? By the next Administration?**

A. Yes, the pieces of paper can be produced, and they will be lived by. But underneath those pieces of paper is a longstanding and deep-running sense of community between the United States and the State of Israel.

We have stood by Israel and its security concerns—which we finally understand—and we will continue to stand by Israel. I think it is perhaps the experience that means the most. We have developed a number of interesting institutional arrangements in the last few years that, I think, have worked pretty well in helping us in our relationship. What we are trying to do is gather them together under one roof, you might say, in a memorandum of agreement or understanding. I hope that we can get that done in time to make it something that might mark your 40th anniversary. I will try to drag that out of our bureaucracy. Every time somebody raises a new question down in the bureaucracy, it goes and you have to drag it back up again. But I think that stands for our intentions and this is deeply felt.

**Q. We are talking about America, we were talking about the Palestinians, Jordan, Syria, Israel. What about your shuttle diplomacy between Mr. Shamir and Mr. Peres? What do you think about this act of diplomacy?**

A. They're both outstanding individuals. I like them both. I admire them both. They agree on many things; they disagree on some things.

**Q. Do they agree about something?**

A. The government is the way it i and so from the standpoint of me and my role, I don't argue with the people of Israel. They put a government there and I work with the government that's there. I don't concern myself. It's not my business to concern myself.

You left out one country in your list.

**Q. Egypt?**

A. Egypt. Egypt is a basic key country. We wouldn't be talking about any continuing peace process here except that there is peace between Israe and Egypt. Let nobody forget that's the key building block. The Egyptian effort in contributing to the initiative we're talking about has been a very great one. We've discussed it with them, as we did with our friends in Israel. Their contribution was an important one.

I had something happen to me th last time I was in Egypt—it was quite pertinent to all this. After our meetings were over with President Mubarak, I was riding back to the airport with the Foreign Minister, Megui who is an outstanding individual. We rode by an area where there was a lot of construction going on—I used to be in the construction business and I was interested—I said, "What's going on over there. What's that?" And he said "That is the fruit of peace." I thought was an extraordinary reply. He didn't say those are apartment buildings or that's an office building. He said, "Those are the fruits of peace." That's what people want. Those of us who have the privilege of being in government need to try to find it and help them find it—that's our job.

**Q. Probably I'm slightly pessimistic. You have stressed the time element, that time is running out in order to put the plan into action, an you are not insisting, if I understan right, on the April 15 or May 1 deadline. But would you agree that if by the end of May no progress, or substantial progress, is made in the direction of talks, then one will have unfortunately to issue a death certificate to the package?**

A. There isn't any way you could issue a death certificate because the problems are there—you can't issue a death certificate to them. Therefore there has to be life to the effort to work on those problems.

From my standpoint, I only have a few more months left in office, and I would like to see as much as possible accomplished. I'm willing to work hard right to the end to try to get things done. But also I'd like to leave for whoever my successor is as good and constructive a set of possibilities as possible. So just because my time in office is about over, it doesn't mean that I'm going to quit on the job. I'm going to keep going, and I'll try to give a good inheritance to my successor.

**Q. Upon completion of your mission, will you put the blame on one of the sides in the Middle East for a possible failure of the present mission of an American Secretary of State?**

A. I'm not interested in failing, and I'm really not interested in blame-setting. I'm interested in getting something done. The people that I'm dealing with are all impressive people; they all have reasons for the varying views that they have. They're good reasons. The only thing is there have to be some overriding reasons to take the lead in moving in a peaceful direction, and that's what I'm urging and trying to put down in sort of operational terms—what do you have to face up to—and let's start facing up to it. Let's start facing up to the facts. I annoyed some people, I gather, by saying that I don't think anyone should expect Israel is just going to go back to the 1967 borders. But I'll annoy some more people by saying that Resolution 242 involves territorial compromise.

**Q. On all fronts?**

A. On all fronts. That's why we need a negotiation. If Israel was going to go back to the 1967 borders, there wouldn't have to be a negotiation. But as because the situation has to be worked with that you need a negotiation.

**Q. Let me conclude by a personal remark quoting some commentators in the Israeli press that they were claiming that you could have reached some more good consequences in your media barrage if you would have been more firm in your stand. I may assume that you reject this assumption.**

A. I don't know what firm means, but anyway our initiative is clear. I think its implications are pretty clear. We are spelling them out, and our initiative emerged from a lot of consultations—it isn't just something that came out of our minds. We think it is fair. We think it is balanced. We think it can provide the best basis for moving ahead, so we're sticking to it and not changing it around. Flesh it out, put blood in it so it can be a little warmer, yes. But don't take the leg or the arm away from the skeleton, let alone the head.

## DEPARTURE STATEMENT, TEL-AVIV, APR. 6, 1988[6]

As I leave Israel, it is clear that the great challenge of this moment is to see the path toward true peace and to take it. President Reagan and I believe that the way lies directly before our eyes. The initiative we have discussed so intensively and thoroughly over these past weeks is intact and alive. Its integrity, strength, balance, and fairness are evident and unchanged. It is there for the taking.

There is no masking the deep-seated obstacles to peace. Emotions are deeply felt. Principles are proudly held. Great traditions, cultures, and rights are involved. All these must be seriously addressed.

The will, the spirit, the vision, and the courage to take up this challenge must motivate all parties at this important time. We need the willingness to explore exhaustively every angle, every aspect, every word, and every implication of this initiative—not in a skeptical search for what may be wrong but with a serious commitment to make it work.

It *can* happen. In all candor, I am not able to say that it is happening. While we have made some progress, differences have not been substantially narrowed. But the commitment of the United States is as strong and determined as ever. The desire for peace, and the willingness to work with us for it, is great and growing in this region. So we will carry this initiative forward into a new and more detailed and operational stage.

I believe that negotiations *are* a real possibility. Yesterday, King Hussein posed many questions to me about our proposal, thus indicating a serious engagement in this search for peace. While King Hussein can best speak for himself, his is the kind of approach required for this process to move ahead.

Israel must also have security, and strength is essential. The United States stands by Israel, and our commitment to Israel's security and well-being will not flag. But more fundamentally, security and progress for Israel comes from peace between Israel and its neighbors. It is possible. It can happen.

So the initiative continues. I depart Israel, but I do not depart from the initiative. I have work to do, to respond to Jordanian questions and to put the flesh of substance on the outline of proposals we have put forward.

I want to assure you that the peace effort goes on. Time will not wait for us. Say "yes" to this initiative. Let us redouble our efforts to make it a reality.

## STATEMENT AND QUESTION-AND-ANSWER SESSION, QASIM, SAUDI ARABIA, APR. 7, 1988[7]

First, I would like to express my appreciation to King Fahd for receiving me. I was, as always, delighted to have the opportunity to meet with him and with Foreign Minister Sa'ud, and to see Ambassador Bandar here as well.

We focused in our discussions on the peace process in the Middle East, and here I found a great measure of support and encouragement, as King Fahd welcomes the initiative we have taken and is following it with great interest.

We also talked about our mutual interests—in developments in Afghanistan and in the gulf and at the United Nations in connection with Resolution 598 and our concerns together about the problems in Lebanon.

Altogether it was a very beneficial meeting from my standpoint. And again, I am grateful to King Fahd for receiving me and for this excellent discussion.

**Q. How do you see the results of your discussions with Saudi officials in the Kingdom?**

A. I found the discussions most worthwhile and beneficial, so I would have to characterize the results as positive.

**Q. Also, the relationship between the United States of America and Saudi Arabia is built on mutual respect and friendship. How do you see the future of this [inaudible]?**

A. I see the future as continuing the strong pattern of cooperation that we've had in the past. It was, I think, a fact in our discussion that the ability to talk informally and in a straightforward way together was beneficial. I expect to see that continue, as it is a very strong relationship, of many years and decades long, and we want to have it continue that way.

**Q. You'll be leaving the region in about 20 hours, I guess. Will you leave with a "yes," do you think; a "no"; or a "maybe" on your skeletal peace package?**

A. I will leave with the skeleton intact and a little flesh on it here and there, and maybe a little life in the flesh. So I think it has been worthwhile, and we made a little progress here and there, but it comes very hard and slow. I don't want to exaggerate the progress that has been made, but it is important to keep working at it. Everyone is anxious that it go on, and I think that universal desire in every country is an indication of the importance that people attach to the objective and the desire that I see to pursue it in every way possible.

**Q. How do you see the Israeli acceptance of trading land for peace?**

A. It's for the Israelis to speak for themselves in the initiative that we have put forward. We say that it is based on Resolutions 242 and 338 and that each of the direct negotiations that we would foresee—that is, between Israel and each of its neighbors—would be based on 242 and 338. That is the fundamental of our proposal, and those who sign on to that proposal do so knowing the applicability of those resolutions.

**Q. Did the issue of the recent Saudi purchase of Chinese missiles come up, and if so, can you characterize those discussions—whether you expressed U.S. concerns and what the Saudi response was?**

A. I can say that the subject came up, and we discussed it, and the discussion, I think, was a satisfactory one, but I don't want to go into further detail on that.

**Q. Did you ask King Fahd for support to your initiative, and how did you ask him to support you and you didn't recognize the PLO until now? The Palestinian people, they chose the PLO as their sole representative, and what is new in your initiative if you don't recognize the PLO?**

A. Of course we discussed the initiative carefully, at length, and I welcome the fact that King Fahd was, in general, glad to see us making this initiative. Beyond that, it's not proper for me to speak on his behalf or on behalf of Saudi Arabia.

Insofar as Palestinians are concerned, it is our view—and we have stated this in connection with the initiative very clearly—that obviously, Palestinians need to be involved from the beginning; they need to be part of the negotiating process. We think that the most practical way for that to occur is as part of a Jordanian-Palestinian delegation. That is what we have advocated.

**Q. Over the last 2 days, the violence in Israel has taken on a new character because of the stoning of an Israeli girl and fights between settlers and Arab villagers. To put things in context, I wonder if you think that has made your swing through most of the Arab capitals in the last couple days all the more timely and necessary? And also, if I may, do you have a direct reaction to what has been happening in Israel in the last 2 days?**

A. The initiative for peace that we have undertaken is addressed to underlying problems and opportunities that have existed in the region for a long time that don't solve themselves and which, I think, urgently need to be addressed. This initiative is not addressed to the violence; it is addressed to the underlying problems and opportunities.

Obviously, we all deplore the violence. We want to see order maintained, and it is Israel's responsibility to do that. We want to see that order is maintained in as humane a way as possible. We have noted that there have been instances that we have spoken about in which, clearly, the practices followed are not acceptable practices. But, nevertheless, Israel has a duty to maintain order in that very difficult situation. It clearly can escalate, but our hope is that perhaps it will dampen down now. But, of course, that remains to be seen.

**Q. From news reports from Tashkent today, it appears that General Secretary Gorbachev has told Najibullah [President of Afghanistan] that the Soviet Union and the United States have agreed on a plan under which the United States and the Soviet Union will continue aid to their respective allies in Afghanistan ever after a Soviet withdrawal. Has there been any such agreement, or is the agreement essentially a tacit one?**

A. We have discussed, of course, the role of guarantors to that agreement: the accord that has been developed in Geneva, basically with Pakista as the negotiating country on our side of the issue. We have taken the view that if we are to be a guarantor, and the Soviet Union is to be a guarantor, that the obligations of each be balanced.

We proposed that while each has right to continue to supply those who it has been supporting, and continue t support, that it might be well in the interests of stability to have a moratorium on supplies. Apparently, the Soviet Union doesn't want to do that.

Another way of having balance is that each side has the right and, if it chooses to, goes ahead and gives supplies. We're prepared to go ahead on that basis, and I make the further observation that we are going to see to what degree restraint is exercised as we judge what we will do. But in any case, we will have a balanced outcome and we will support our friends in Pakistan and the people who have bee fighting so valiantly for freedom and independence in Afghanistan.

**Q. Has there been an agreemen**

A. I have told you what we have said to the Soviet Union and whether or not the accord finally comes together, I don't know. One of my problems is that I'm in meetings all day long and you fellows have been lookin at the news tickers. You may know something I don't know. But it is obviously getting toward the end, and w were in very active touch yesterday, last night—keeping track—and we'll just see how this winds up. It's in an end-game situation.

**Q. You have been praising King Hussein a lot on this trip, saying th by asking these questions that he's asking that you give him the answer for, that shows that he's ready to pa ticipate, and he's a partner in this whole thing. Yet apparently the Jordanians aren't ready to let their ow citizens hear your views, as expresse in the interview the other night. Do that say to you at all that maybe he' not as ready as you think, if he won let his own people hear what you ha to say?**

A. First of all, I made a point of e fact that King Hussein has engaged nself in this process by addressing e issues in the initiative and getting rted on a process of fleshing them o:. I think that is constructive. And at it says—and here, of course, it's him to speak and for the situation evolve—but I think the message of t to Israel is that here is a possible ab partner in negotiation. It remains be seen, whether that can evolve, t I think that's the message.

Now others, obviously, are engged too, and in varying degrees of damental acceptance of all elements our proposal. But we've had a good cussion—obviously, President barak—you know about that—and h Prime Minister Shamir and Forn Minister Peres have engaged with in constructive discussions about elents of our initiative, although it certnly is the case that the Prime nister has reservations, particularly out the international conference. He's pressed that.

As far as the airing of the interw is concerned, of course, we're eat supporters of freedom of the ess. We have discussed this with the rdanians. They have explained their w to us, and that's where the matter nds. Actually, the interview was de in the presence of distinguished nerican correspondents, and I think e transcript is generally available—a tinguished American correspondent, d, therefore, the transcript was made nerally available.

**Q. In the event that the internaonal conference on Middle East ace were to begin, did Saudi Arabia press a desire to participate, or uld Saudi Arabia simply await a sitive outcome and accept the reement that might [inaudible]?**

A. One of the issues that needs to worked out is who attends. The conption that we have is that the attendts would be Israel; the states mediately surrounding Israel which oose to come—that would be Egypt, rdan, Syria, and Lebanon—and Paltinians would be represented in the rdanian delegation. In addition, the e permanent members of the Serity Council would be participants. that's the composition.

I've talked to others; they have me different ideas. But anyway, that's r idea; that's what we think would work. Clearly there are many who are vitally interested and who are going to be paying attention and talking to their friends and so on, so there is a sense in which the world will be there.

**Q. Do you have anything more to report from the discussions with Syria concerning constitutional changes for Lebanon?**

A. Yes, we had quite constructive discussions there with President Assad—it took a fair proportion of our time. We left there, and [she] came to Lebanon; April Glaspie [Director, Office of Jordan, Lebanon, and Syrian Affairs], who is probably our most knowledgeable, skillful person, I would have to say—other than Ambassador Murphy [Assistant Secretary for Near Eastern and South Asian Affairs Richard W. Murphy], wherever he is. But at any rate, she is very able and respected, and so she has been in Syria working on the subject, and I haven't heard just exactly where those talks stand as of today.

But we're trying to see if we can't—by talking to President Gemayel and President Assad, and back and forth—help the parties come to agreement on a somewhat different constitutional structure. If that takes place, I think it will enhance the probability of elections and enhance the workability of the outcome. So we're trying to make that happen.

## NEWS BRIEFING, AMMAN, APR. 8, 1988[8]

I want to thank King Hussein, his colleagues, Prime Minister Rifa'i, Foreign Minister Al-Masri, and others in the Jordanian delegation with whom we talked. They have engaged seriously with us on our proposal for peace in this region.

We are now concluding an active round of intensive discussions in Jordan, Israel, Syria, Egypt, and Saudi Arabia. What were we looking for? A positive spirit toward this peace initiative. We found it, and everyone wants us to continue our willingness to engage seriously on our proposal in its entirety, and we've done so. Our goal remains unchanged: comprehensive peace that brings greater security to all and meets the needs of the Palestinian people. We look to the convening of direct, face-to-face negotiations based on Resolution 242 in all its parts preceded by a properly structured international conference.

Where do we go from here? We go on. We have shifted gears. We are now in a forward gear. People are starting to engage the substance of the proposal. I go now to report to President Reagan. Ambassador Wat Cluverius [senior adviser to the Assistant Secretary for Near Eastern and South Asian Affairs] stays here in the region to continue our work directly with the parties. He will start to flesh out our proposal, to give it more operational clarity.

I leave the region, but we do not leave the initiative. Peace is the goal. The road is tough; the road ahead is tough, but we will travel it with determination.

**Q. As you have stated that you have reached with King Hussein progress after your discussions with the Jordanian part, can you tell me, please, what is this progress? Is it based on the initial initiative that was launched by the U.S. Administration, or is it on a new formula and a new basis?**

A. What we have done here in Jordan through our many meetings with King Hussein is to have substantive discussions designed to bring clarity and understanding to the elements of our proposal. Of course, in the first place, as we discussed this before, I brought letters back to King Hussein and others. We talked about it, and his views are reflected in the letter.

Second, we have discussed, for example, the relationship between final status talks and transitional arrangements. We talked about the way operationally an international conference might operate, and we talked about our understandings of Resolution 242. So we tried to enrich our understanding on both sides as we have proceeded, and it's been a most worthwhile exercise.

Of course, we've also discussed the question of Palestinian representation, and it is our view that that should be in the form of a Jordanian-Palestinian delegation.

What we've done with King Hussein is talk seriously about all these elements, and it's quite apparent from our discussion that he has a positive view of the needs—we all do—and he is engaged in that we are talking seriously about substantive matters.

**Q. A couple of days ago, you had talks here in the region with Syrian President Assad. Could you describe for us what the significance and the potential of those discussions are for the United States and for Lebanon?**

A. Our discussions with President Assad were, broadly speaking, on two subjects: one, on the peace initiative, and with him we discussed it intensively. His view has been stated publicly by the Syrian News Agency, and it is, of course, sharply different in its substance from the proposal that we have put forward. Nevertheless, it is useful to carry on that discussion.

And then we have discussed questions about the Lebanese constitutional arrangements, essentially involving the interplay in the constitutional arrangements between the office of the President and the legislature. What that comes down to is trying to find a way to give adequate representation in government to all the different confessional groups, and beyond that in the administrative procedure to, in a sense, deconfessionalize the organization of government somewhat. That's what we've been discussing with him and with President Gemayel. These talks have gone along quite well, and we intend to continue pursuing them.

**Q. What's the potential? What are the implications of those for Lebanon's future?**

A. We want to see an election go off successfully, and one must happen before long; "successfully" means that it's conducted, it has an outcome, the outcome is recognized and is the basis for a greater stability and authority for the government. If that takes place and there is a greater sense of a national government in Lebanon, perhaps there can be a little more stability. That's the object.

**Q. Why would Syria be willing to have a new arrangement? And under this new arrangement, would Syria release its hold on Lebanese politics? Withdraw its troops?**

A. We're talking about the nature of the arrangement. What is Syria's motivation? You'd have to ask Syria. But Lebanon is a neighbor with close ties to Syria, and it's hard to conceive that the sort of turmoil you see in Lebanon looks very good to any of its neighbors, including Syria. I might say greater stability in Lebanon would be an advantage to Israel and would be an advantage throughout the region.

**Q. If you should be successful in your talks with the Syrians and with others on this issue, could this in some way lessen the hold that terrorists have in that region? You talked about stability. Could you expand on that—the broader implications and possibly, frankly, cutting down on the number of kidnappings?**

A. Clearly, a greater sense of authority and order in Lebanon would be a great advantage from the standpoint of our efforts against terrorism, in all of its forms, including the taking of hostages. There are all sorts of potential implications. But what we have to do is start with looking at the constitutional arrangements, as the election is now very close at hand, and see if we can't produce something or the Lebanese can produce something—and we're just a helpful partner here—that will lead them in that direction.

**Q. You seem fairly upbeat today, but you have not yet managed to engage any Palestinians in your efforts. What makes you feel so upbeat? What are you relying on to engage the Palestinians in this process?**

A. I am very conscious of the difficulties. And I am very conscious of the fact that while I think we have made some headway in this trip—you measure headway in inches not in feet, yards, miles but, nevertheless, some headway. I feel glad to see that that headway has been made, and I am determined, as the President is. Now we have said from the beginning, and everyone agrees with it, that Palestinians must be involved from the beginning. I have talked with two people from the West Bank and Gaza. I have talked to others indirectly through a statement that I have made, and we have reached out to Palestinians. They are an able and energetic people who have aspirations and needs, and we want to see them satisfied.

The question of how to have them be represented I know is one that needs a lot of work, but we feel very clear in our minds that the best way for that to take place—perhaps the only really operational way for it to take place in a practical sense—is in a Jordanian-Palestinian delegation. We've stated that; we've worked for that; I have talked about that with everybody; and that's where we're pointing. But it's important to be in touch with them, and that's our outlook.

**Q. You said at the beginning th you are working on this proposal th you hope will meet the needs of the Palestinians. How do you envisage those needs?**

A. The needs are for greater poli cal control over their lives, the conditions under which they live. Everyboc wants to be able to have an impact on the things that affect your daily life. The outcome of negotiations, first on transition arrangements and then on nal status, ought to be such that they have that greater measure of political control. We have given earlier ideas about how it might wind up in final status, but those are just some of our ideas.

In addition, clearly greater politi stability and a settlement of how governance will work will provide an env ronment where economic progress ca be made. That too is something that people, of course, need and want. Those conditions in turn lead to a bet ter sense of social atmosphere. All of these things are the kinds of objectiv that we would have in mind, and I do think they are that different from others.

**Q. Do you believe that you will have to personally return to the region to continue this initiative at some point in the future?**

A. Yes, I expect to at some point in the future. I don't want to set dow just when that will be, but it takes a continuing U.S. effort, and we decided—the President and I—that I ha better be the special envoy this time. So I am. But yet I am going to have lots of people working and helping ou around here, including most especiall now Ambassador Cluverius. Ambassador Murphy will help us. Ambassad Habib has been most helpful. Ambassador Robert Strauss has been a gooc counselor on this, and so we're going have lots of help, but I am going to be involved.

**Q. Why did you set such a well-defined and structured timetable fo your plan of 3 years? Suppose that everybody agrees in 6 months, for in stance. Would you still want 3 years and—**

A. I'd take an agreement in 6 months like that!

**Q. No, I mean, it doesn't look b lievable to set a timetable like that. Are you serious about the plan?**

A. We've tried through the setting benchmarks, you might say, in time ist to give an idea that the subject of ansitional arrangements ought to be ssible to conclude quickly. We think e 6-month idea we have is a realistic d attainable goal. That would bring anges in the manner of governance in e West Bank and Gaza and would do up front and quickly, and we think at would be desirable.

It would be done in a way that's rfectly compatible with any idea anye might have of how final status uld arrange itself. We believe that st as final status talks will be afted—we believe in a positive direcn—by successful experience in nsition arrangements, so, too, the nsition arrangements will be afted positively in being constructive d positive talks on final status beuse that represents where, in the d, people want to go. So there's an erplay there.

How long will it take to have these al status talks go on? It's hard to y; no one can say. We know how hard ese issues are. If they were easy, ey wouldn't still be around after all ese years. So we thought, nevtheless, it's well to set out a marker time, and two ways of doing it is to y that the transition arrangements e not there forever. They're there for definite period. That tells you you ould get the final status talks done that period. So it's good to have the jective that this isn't just to go on rever.

We're to get somewhere in these lks, and that's the purpose of setting it some kind of a time scale. If you y how do I know for sure that 3 years the right number of years, I don't now for sure that it is. But it's useful put down a marker and have a goal, d we'll have to adjust it. We had the al of getting an international conferce convened by the middle of April, d we're not going to make it; that's vious. Nevertheless, we wanted in e initial stage of presenting our posal to give people a sense of the urgency that the situation demands, and it does. We're going to continue to push and to try to get these things into place and the question of putting down a time line, you might say, is kind of a device to give people an idea of the structure that might emerge. By and large, it's a useful idea.

**Q. Some observers find it incredible that you're putting your prestige—**

A. Some who does?

**Q. Some observers find it incredible that—**

A. Who are these observers?

**Q. Oh, let's say folks we talked to back in the States—**

A. Oh, gosh.

**Q. Our editors.**

A. Give me a name, put some flesh and blood in this thing. [Laughter]

**Q. Probably many people in the room feel this way—that you're putting your prestige on the line and spending so much time on an effort that, as you say, "has only produced progress in inches." Why is it, besides your stubborness, which you've mentioned before, that you're devoting so much effort to this initiative which seems fated to failure?**

A. I don't think it's fated to failure. I think the stakes are very high, and the opportunities are very great even if the probabilities are against you. Who's afraid to struggle against odds? You have to be willing to do it, and what am I saving myself for, anyway? I've got a few more months to go here, and I want to try to leave something constructive for the region and for my successors. I am willing to put my back into it. Why not?

**Q. You said in your meeting with the editors that establishing a Palestinian state is without sense, illogical. Can you tell us of a more logical reason why the U.S. Administration opposes such a Palestinian state?**

A. I've talked about that, and let me put it in a little different way. I believe the Palestinian people have to be represented in these negotiations from the beginning and in a manner that makes it possible for their views to be legitimately very much a part of this process. I believe that can be done in a Jordanian-Palestinian delegation.

Now, what would be the outcome of final status talks in the end? That's a subject that the negotiators have to determine. It seems to us that a sensible kind of outcome is one in which there is some way for people who identify themselves as Palestinians to do that while being federated with states that have the structure and the size and the tradition to be a workable governing unit, and there is lots of experience with this sort of thing all over the world.

Almost every country you look at is some sort of a combination of things that give an overall national capacity to govern and, nevertheless, a recognition of varying groups within that structure. Our whole experience in the United States is one of a federal structure that gives local and state and regional interests a chance to express themselves within an overall framework. But as I say, you can at almost any country in the world, and that's what you'll see.

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[1]Press release 58 of Apr. 11, 1988.
[2]Held with Yoram Ronnen of Israel Television (press release 57 of Apr. 7).
[3]Press release 56 of Apr. 6.
[4]Press release 59 of Apr. 11.
[5]Held with Yoram Ronnen, Yaacov Achimeir, and Ehud Yaari on Israeli TV's Moked (Focus) (press release 60 of Apr. 12).
[6]Press release 61 of Apr. 6.
[7]Press release 64 of Apr. 13.
[8]Press release 62 of Apr. 12. ■

# The Winning Hand: American Leadership and the Global Economy

*Secretary Shultz's address before the annual dinner of the Massachusetts Institute of Technology (MIT) in Washington, D.C., on April 28, 1988.*[1]

Some years ago, I wrote a book about my government experience called *Economic Policy Beyond the Headlines*. It was not a best seller. That was a little surprising to me because it must have been the last hardcover book on economics—or any other subject—that sold for $8.95.

But there was one principle in those pages that expressed my philosophy of government. The key to effective public policy is to interpret the public interest—as it is usually shaped, in the midst of controversy—through an informed and objective understanding of the issues.

Today we are in the midst of a great controversy over our role in a world of rapidly changing technology. Some have even suggested that America is a nation in decline, that we are no longer competitive.

Have we still got what it takes? My answer is a resounding ***yes***. An informed and objective understanding of the issues yields only one conclusion: we bring to the table a winning hand. But to play that winning hand, we must be fully engaged in the shaping of the new global economy. And "full engagement," in my dictionary, means the will and the resources to do the job—to lead the world toward greater economic growth, more coordinated international economic policies, and, above all, openness. These are the keys which unlock the door to a better future for all of us.

### America in a Global Economy

Let me begin with the facts about America's relationship to the global economy.

**Fact number one:** the American economy is increasingly part of the world economy, not an isolated national economy. A long-term process of economic integration and convergence, made possible by postwar trade liberalization, has sharply reduced the importance of national borders in economic affairs. The evidence is all around us, not only in economics but in science and culture as well. And most Americans have begun to understand this fact and adapt to it—not just bankers and economists and public officials but the proverbial man and woman in the street.

A few months ago, I saw a striking sign of economic integration: a headline announcing that "European Central Banks Cut Interest Rates." Of course, I was happy to read that story, but the striking thing was its location—on the front page not only of *The Washington Post* but also of other major newspapers around the country. This was not "inside-the-beltway" news. You didn't have to search through the middle of the business section to find it. Today the average newspaper reader realizes that his economic prospects depend on developments abroad as well as at home.

**Now, fact number two:** the very process of production crosses national boundaries. Economic integration has not been restricted to the exchange of goods across borders. Today's market for inputs and output is the world. Here, too, Americans have understood the reality. Our business leaders have grasped the opportunities presented by such integration. Firms are establishing a wide variety of international linkages to take advantage of the new technologies and markets around the globe.

In much of contemporary international trade, one branch of a firm is selling to another branch of the same firm located in a different country. According to some estimates, as much as 40% of total U.S. trade may be of this nature. A recent survey indicates that 88% of U.S. manufacturers use foreign components in their products.

It is often difficult to identify what is "national" and what is "foreign." My favorite example is a shipping label for integrated circuits fabricated by an American firm. It said, "Made in one or more of the following countries: Korea, Hong Kong, Malaysia, Singapore, Taiwan, Mauritius, Thailand, Indonesia, Mexico, Philippines. The exact country of origin is unknown."

**Fact number three:** the globalization of production has been accompanied by the globalization of finance. For example, U.S. income from international assets has increased by $40 to $60 billion every 5 years since 1967. Tl size of international financial markets strains the imagination. The New Yor Federal Reserve Bank estimates that the ***daily*** volume of international finar cial flows is over $1 trillion, or about the same as ***annual*** U.S. Government expenditures. And by now, everyone i aware of how stock exchanges around the world react to each other with unprecedented speed.

**Fact number four:** the world as a whole and America in particular have benefited from the emergence of the new global economy. Trade accounts f a growing share of the national economic activity of every country. The most rapid economic growth in recent history occurred in the years between 1950 and 1973, when trade was growin most briskly.

What was true for the world was true for America. Our markets abroa and America's per capita income grew faster in the decades of most rapid international economic integration than they have in the more recent past, when the growth of world trade slowe appreciably.

All these facts suggest to me tha we are at a turning point. We can pla to our strengths. We can catch the curve of the future by recognizing global economic realities, by continuir to reap the benefits of integration and growth. Or we can descend the curve and get off of it by building new and more disruptive barriers between ourselves and the rest of the world, condemning us—and everyone else—to eventual stagnation.

### A Cycle of Inflation and Disinflatio

Why is it so difficult to make this choice? Why are we reluctant to play the winning hand? Instead of speculating about some mysterious change in our national character, I prefer to look again at the facts. We are beset today by the legacy of a severe cycle of inflation and then disinflation that has trou bled the world for nearly two decades.

Accelerating inflation in the 1970s drove real interest rates down to unsu tainably low—often negative—levels, providing a powerful incentive to incur debt. Then disinflation in the 1980s pushed real interest rates to unsustainably high levels, producing a

arper-than-expected rise in the real bt-service burdens of borrowers.

This roller-coaster ride badly hurt nmodity producers who were caught tween rising debt burdens and dening prices for their products. The sulting Third World debt problem ntinues to exact real hardship from ose least able to bear it. And the signating economies of the highly inebted developing countries have reeed America's exports.

American farmers also suffered serely from the cycle. By now, we are too familiar with the story: land vals skyrocketed as crop prices rose, d farmers borrowed heavily as the lue of their assets increased. But, as flation was wrung out of the economy d crop prices dropped, disaster ruck many farm families. It also enraged massive agricultural subsies, here and abroad, that have tortted international trade.

On the industrial side, the rising employment rates that accompanied flation in the 1970s convinced most onomists that inflation—a little or a —is not the way to reduce unemployent. But the inflation/unemployment periences of Japan, the United ates, and Europe from 1970 to 1985 oved to be quite different. In Japan, ere was little or no relationship beeen unemployment and either the intion rate or overall economic activity. the United States, we moved in the 80s toward the lower inflation and wer unemployment patterns of the e-1970s. In Europe, however, unemoyment increased steadily, seemingly responsive to the rate of inflation or economic activity.

So, if we review the legacy of the riod 1970–85, we find heavily inebted developing countries, low comodity prices, and high unemployment, pecially in Europe. Added to these ends were wide swings in inflationljusted exchange rates, bloated govnment spending, and large trading balances among the industrialized untries.

### merican Leadership

his legacy goes far to explain some of e debate about our future leadership. he vision of a new global economy, ith all of its opportunities, is somemes overshadowed by the old probms, with all of their pain.

As Secretary of State, I know the osts of engagement are considerable. he foreign affairs budget, which is crucial to our engagement abroad, will never be popular. But that budget is used to defend America's interests—our security, our economy, our political strength. It fights the drug traffickers and the terrorists. Yet in terms of real dollars, the resources we are committing to these activities have fallen since fiscal year (FY) 1985 by almost a third.

Let me repeat: we must do what is necessary to serve the public interest, through an informed and objective understanding of the issues. Now let's take this test of the public interest and grade the alternatives to full American engagement.

Let me start with the idea we are overextended abroad and, therefore, headed for irrevocable decline unless we cut our security commitments, i.e., the defense budget. Of course, it is true the United States is no longer the preeminent power it was in 1945, when much of the world lay in ruins. But the recovery of our allies in Europe and Asia under the American security umbrella must be reckoned as one of the greatest success stories of all times. It will be a sorry day in America when we regard the good fortune of our friends as detrimental to our interests, especially since we have benefited mightily as a result of their success.

I also reject the argument that our defense effort "robs" our industry of its future competitiveness because so much of our research and development effort is defense related. Clearly, there are economies where such things happen—the Soviet Union, which spends an estimated 15% to 17% of its GNP [gross national product] on defense, is a good example—but that is not true of the American economy. Our high-technology sectors are strong, and our pattern of economic growth simply does not support the argument of a long-term, defense-related decline.

In fact, we enjoyed our highest economic growth in the 1950s and 1960s when our military expenditures averaged 9.2% of GNP, a much higher proportion than the 6.7% we spend today. Over the past 10 years, we have had a slightly higher rate of growth than that of Western Europe and Japan, if you average them together, although their military expenditures take a much lower proportion of their GNP than ours.

Now, I am not saying there is a correlation between higher defense spending and growth or lower defense spending and stagnation. I am only saying whatever the reasons for our economic difficulties, our military and political commitments are not among them. The facts are quite different. We certainly have the means—and our allies also have the means—to defend ourselves and our interests abroad. Whatever our constraints may be, they are not imposed by our economy.

Now, let's examine for a moment another popular argument, that protectionist legislation will cure our trade troubles, a little or a lot. Here history teaches a strong lesson. Every Member of Congress ought to reread the record of the 1920s and 1930s before voting on trade legislation. It is a sad story that cannot be retold often enough. International trade collapsed, not mainly because of the 1929 stock market crash but in considerable part because of protectionist policies of the 1930s which were intended to preserve domestic jobs.

Have we forgotten, too, the political counterpart of this economic disaster? The age of democracy was succeeded by the age of the dictators and then by world war. The enlightened alliances and the open international economic system established in the postwar era nourished our freedom and planted the seeds for the spread of democracy. Now, four decades later, we are witnessing a remarkable global resurgence of democracy, thanks to the universal attractiveness of the democratic ideal. From Central America to the Philippines and Korea, from Africa to Eastern Europe, people want freedom: freedom for themselves, freedom at home, freedom in the workplace, freedom to choose their leaders.

Are we going to throw away this renaissance of free markets, free economies, free societies, and free nations in order to prove we cannot learn from history? Or are we going to reject protection, procedural or otherwise, for what it is—not an insurance policy against the fire of unfair competition but an act of economic arson that eventually burns down everyone's house.

Finally, we ought to take on those who say Americans can no longer compete. What are the signs of such fundamental weakness? The often-cited trade deficit, for example, tells us a lot about the relative rates of growth, macroeconomic policies, and exchange rates that existed between the United States and the rest of the world earlier in this decade. But it says nothing that supports the view U.S. manufacturing is in decline. Far from it—U.S. manufacturing output accounts for just as large a share of our GNP as in the past. Productivity growth in manufacturing has

been strong in recent years. The boom in U.S. manufacturing exports now in progress shows how competitive American factories have become once again.

So, instead of abusing our self-esteem, let's not lose sight of the reality. As Herb Stein says, "The basic fact about the American economy is that it is very rich. It is not rich enough to do everything, but it is rich enough to do everything important. The only problem is deciding what is important." And the first thing of importance is to look out for our security.

Sometimes, our friends from abroad may see our choices for the future more clearly than we do ourselves. I think the Prime Minister of Singapore, Mr. Lee Kwan Yew, put it best before a joint session of Congress when he said:

> There are two scenarios for the 21st century. The first is bleak: If, because of domestic problems, the United States loses the will to maintain open and fair trade, protectionism and retaliation will shrink trade and so reduce jobs. Is America willing to write off the peaceful and constructive developments of the last 40 years that she made possible?
>
> Does America wish to abandon this contest between democracy and the free market on the one hand, and communism and the controlled economy on the other—and this at a time when she has very nearly won this contest for the hearts and minds of the people of the Third World?

Ask the Prime Minister of Singapore. The answer to those questions must be: we are not going to throw away our winning hand just because the game gets challenging.

### Directions for the Future

A transition to new relationships among the major economic powers is clearly underway. In this transition, the United States is showing the way and we must remain the leader, both economically and politically. Who else can do it? But ours must be a leadership suited to the times. The economic achievements of Europe and Japan now qualify them for much greater responsibility in the global economy. Their productivity, their income, their share of world output and trade admit no other conclusion. Clearly, they must share a commensurate responsibility for maintaining and expanding the openness of the world economy.

Let me be more specific about the directions I would like to see us all take in today's global economy:

**First, the role of government in promoting more vigorous growth around the world.** Every sensible person favors more economic growth. The issue, however, is the role to be played by government in promoting such growth. That role is limited but very important. Government's responsibility is to provide a stable fiscal, monetary, and legal environment, and then let markets work freely. Such an environment is critical if private entrepreneurship and innovation are to flourish.

Our recent experience has shown this concept works well. President Reagan's insistence that the market, rather than the government, should be the principal force in economic policy has paid off. The so-called misery index, the sum of the inflation rate and the unemployment rate, is down to single digits after more than a decade in double digits. Employment in the United States is at an all-time high—and that's also in terms of the percentage of the population 16 years of age and older. It's at an all-time high, not just numbers. And the largest employment gains have been in higher paying and higher skilled occupations. Nearly two-thirds of the new jobs—some 15 million in the last 5 years—are to be found in managerial, professional, technical, sales, or precision production operations.

So, the idea that governments can dictate all positive economic results should be defunct—though it lingers on in political nostalgia. Government programs did not produce the 15 million new jobs added to the U.S. economy since 1983. Entrepreneurship did it, and mostly small enterprises.

**That brings me to the second direction we should all take: I call it constructive international coordination.** In a world of interdependent economies, no nation can pursue policies successfully that are widely at variance with the realities of the global marketplace. The political reality, however, is that many nations have been tempted to defy this convergence. None has succeeded. That is why we are faced today with very large international economic imbalances that must be rectified.

Many have looked to the process of international coordination to ease the transition from these imbalances to a more stable world economy. This is a complex undertaking which can succeed if we keep two things in mind:

- First, we and our trading partners must pursue the correct economic policies at home. That means we shoul work on root causes that interfere wit the market, such as overspending, ove regulation and overtaxation by govern ments. I'll have something more specific to say about those policies in a moment.
- Second, coordinated internationa action should serve to strengthen the market, and encourage those domestic policies that do the same. Coordinatio after all, is a process, not a panacea. Through it, we can move in the right direction or in the wrong direction. It would be counterproductive, indeed, if the process of international coordination reinforced wrong-headed protectionism—as will happen; if we protect, they'll protect, and so on, so you have convergence of policies of the wrong sort—or preserved agricultural subsidies, which in part are kind of a com petitive explosion of convergence in th wrong direction, thereby trying to repeal once more the realities of the marketplace.

Now what does constructive coor nation require today? All participants in the global economy have roles to pl so adjustment of the current imbalances takes place in a climate of growth, not recession. In the United States, our Federal Government spen ing absorbs savings that otherwise would be available for investment in tl private sector. We must bring government spending under control, and the deficit will take care of itself. The bud get agreement in the summit was a good first step. Now we need the disci pline to hold that agreement in place, and it isn't easy.

Despite the occasional monthly fluctuations, to which we pay too mucl attention, the fact is the U.S. trade deficit is shrinking—perhaps even mo rapidly than many people realize. It has already shrunk about 18% in terms of volume since the third quarter of 1986, and the dollar figures are beginning to follow. This will have a major impact, not only on us but on our trad ing partners as well. Other countries will face great strains unless their economies and world trade continue to grow as our trade deficit—and their trade surpluses—are reduced.

That is why we have emphasized structural reform and growth in our economic consultations with Germany and the other EC [European Community] countries, Japan, and all our major trading partners. Japan, Germany, and the other OECD [Organization for Economic Cooperation and Development] countries must increasingly look

heir domestic economies, rather n just exports, for growth. This nge of direction is in their interest, just in our interest.

Some years ago I pointed out the pensity of the Japanese to save more n they invest, with the excess appering as the net exports needed to ntain high domestic employment. ently, the Japanese have begun to ke significant adjustments, driven the realignment of exchange rates a new commitment to domestic wth. These steps are welcome. We d more of them. They need more of m, too.

Among the anomalies of our times Europe that seems content to live n unemployment rates above 10%— n higher among the young—because opean social welfare systems have le unemployment almost as desirl as working. But there are very n costs for such policies—costs that eyond excessive public spending unproductive use of resources. ve all, there is the human tragedy. en competition in the global econ y increasingly demands skill and ning, no nation, including ours, can lect its youth or condemn its next eration to idleness.

Changes in policies that stunt wth are even more crucial for the eloping countries with heavy debt dens. Many debtor countries have large trade surpluses by cutting intment and imports to the bone, not creating the market-oriented envirment that will allow exports to exd. The austerity required by such a ategy strains their political and so fabric. And as the U.S. trade balce rights itself, debtor countries will e new challenges exporting to the ited States.

There, too, we face a very complex cess. One side of the coin is that nomic growth requires increased instment—investment which can only ne largely from private sources. The y way ever invented to attract ity capital—not just debt rollover—to assure an attractive investment nate. And that means structural rems to free up markets, promote de, and encourage private trepreneurship.

The other side of the coin is the bt problem itself. It is now clear that ge increases of official foreign astance cannot be expected. Further posure by commercial banks under rrent circumstances is not in the rds. I am convinced the most creative d least costly solutions will emerge when the debtors and their private lenders work out a solution directly. Let the government not get involved.

**Third, and finally, we must all go on the offense for openness—in trade, in investment, in ideas.** I want to put it bluntly. Over the last 15 years, we have found it difficult to do more than fight off destructive protectionism. That's not good enough to meet the challenges of tomorrow. We have got to open markets further, lower trade barriers, and spur on the process of global economic integration.

That is why the U.S.-Canada Free Trade Agreement is so important. This historic accord establishes the world's largest international free trade area, affecting trade of about $125 billion per year. It will strengthen the economies of both countries, and it will create better jobs in both countries. While the centerpiece of this agreement is the elimination of tariffs on all goods within 10 years, one of the best things about it is the new set of opportunities it provides for the rapidly expanding services sectors of both countries. The agreement also liberalizes trade in agriculture, autos, energy, and government procurement. It sets up an effective mechanism for settling disputes. The benefits for both countries will be the most powerful inducements in our ongoing multilateral and bilateral efforts to liberalize trade.

We also have before us today a tremendous opportunity to open up the global marketplace through the Uruguay Round of multilateral trade negotiations. There are several crucial areas for reform here, including the extension of international rules to promote the free flow of services and investment and the protection of intellectual property. But I want to focus on one area, which can be the stepping stone to a better future for all mankind.

I'll put it simply: the need for major structural reform in agriculture is overwhelming. Farm programs around the world have become ever more costly to governments and consumers. The OECD estimates the budget costs of support systems and higher prices to consumers in member countries—just the OECD—now approach $150 billion annually. That is, the subsidy costs plus

## Ethiopia

**DEPARTMENT STATEMENT, APR. 13, 1988**[1]

A human catastrophe is unfolding in Ethiopia, where the government has closed down the United Nations-led international relief effort. As a consequence, over 2 million people are facing starvation.

We deplore the decisions made by the government in Addis Ababa to neglect or sacrifice millions of its citizens in pursuit of military objectives. Assurances that the decision was made for the security of those involved, that the expulsion is "temporary," and that indigenous organizations can take up the slack ring hollow against the sheer magnitude of the disaster. The all-out combined international and indigenous feeding effort was slowly losing ground to growing numbers of hungry people even before the recent fighting. To assert that greatly reduced operations can now succeed is folly. The world cannot stand idly by and permit innocent people to die.

To avert this tragedy, the government's callous decision must be reconsidered. Humanitarian relief operations must recommence and even expand on an "open roads, own risk" basis. Relief workers are willing to take the risk so that millions of Ethiopians might live. Without quick resumption, hundreds of thousands of lives may be lost. It is incumbent upon both government and rebels to honor the sanctity of lives and to permit relief operations to go forward unimpeded.

We fully support the efforts of the UN Secretary General to bring about a resumption of relief activities in the north. Mr. Perez de Cuellar has dispatched a high-ranking UN official on an urgent mission to Ethiopia which should be completed early next week. We are in contact with other donors including the Soviet Union in efforts to resolve the crisis.

[1]Read to news correspondents by Department spokesman Charles Redman. ■

the higher-than-necessary prices to consumers, added up, it's a $150-billion-a-year tag.

This cost far exceeds the benefits being transferred to farmers. Farm programs have become increasingly wasteful of resources which could be more productively employed elsewhere. It's a shame, because farmers are about the most hard-working portion of our population, and from the standpoint of the United States, our farmers are inherently very competitive. But they're caught up in this crazy process of competitive subsidies, and here we are with a $150-billion-a-year price tag.

In the GATT [General Agreement on Tariffs and Trade] negotiations on agriculture we should address the root causes of such distortions: government supports and export subsidies. To achieve equilibrium in global supply and demand, the negotiations must reach agreement to reduce and eventually eliminate these distorting government policies—and that is the U.S. position on the table. We must not be satisfied with patchwork solutions such as market-sharing arrangements. That's bad convergence.

### America's Spirit

Let me close on this note. I have spoken of America's winning hand—of growth, of coordination, and of openness—as the keys to the future. Whether we play that winning hand, however, depends not only on our wisdom but also on our zest for the game. So in a larger sense, what I propose here goes beyond economic policy. It goes to the spirit of America itself.

Now, 150 years ago, Alexis de Tocqueville detected that spirit when he described Americans as eager for change and self-confident in their ability to master the future. That spirit of adventure—not only our material resources—has brought us into the front rank of nations. Our universities—including MIT—our industry, our farmers, our workers have set world standards. The common thread tying together these achievements is a sense of adventure, of experiment, of anticipation of the future.

And that's my message. Let's embrace that future with the zest that makes us great. Let's play the winning hand that we hold.

[1]Press release 80 of Apr. 29, 1988. ■

## SDI Anniversary

**PRESIDENT'S STATEMENT, MAR. 23. 1988[1]**

Today marks the fifth anniversary of a program vital to our future security. On March 23, 1983, in announcing our Strategic Defense Initiative—SDI—I put forward the vision of a safer and more secure future for our children and our grandchildren, a future free from the threat of the most dangerous weapon mankind has invented: fast-flying ballistic missiles. It was on that date that I challenged our best and brightest scientific minds to undertake a rigorous program of research, development, and testing to find a way to keep the peace through defensive systems, which threaten no one. If we can accomplish this, and I am more and more convinced that we can, we will no longer have to face a future that relies on the threat of nuclear retaliation to ensure our security.

The Soviets not only are ahead of us in ballistic missiles but also are deeply engaged in their own SDI-like program. If they are allowed to keep their near monopoly in defenses, we will be left without an effective means to protect our cherished freedoms in the future. But with our own investigation of defenses well underway, we have been able to propose to the Soviets at our arms negotiations in Geneva that both of us protect our nations through increasingly effective defenses, even as we cut back deeply our strategic offensive arms. SDI, in fact, provided a valuable incentive for the Soviets to return to the bargaining table and to negotiate seriously over strategic arms reductions. And as we move toward lower levels of offense, it will be all the more important to have an effective defense.

The SDI program is progressing technologically even faster than we expected. We have demonstrated the feasibility of intercepting an attacker's ballistic missiles. We have made rapid progress on sensors, the eyes and ears of a future defensive system. And our research has produced useful spinoffs for conventional defenses and for medicine, air traffic control, and high speed computing. The problems we face now are largely political. Every year, Congress has cut back the SDI budget. We are now 1–2 years behind schedule. Some of our critics question SDI because they believe we are going too fast and doing too much, while others say we should move now to deploy limited defenses—perhaps to protect our own missiles. While such a defense may initially strengthen today's uneasy balance, SDI's goal is to create a stronger, safer, and morally preferable basis for deterrence by making ballistic missiles obsolete. Thus, we seek to establish truly comprehensive defenses, defenses which will protect the American people and our allies.

The American people can never be satisfied with a strategic situation where, to keep the peace, we rely on threat of vengeance. And we must recognize that we live in an imperfect, often violent world, one in which ballistic missile technology is proliferating despite our efforts to prevent this. We would be doing a grave and dangerous disservice to future generations if we assumed that national leaders everywhere, for all time, will be both peaceful and rational. The challenge before us is, of course, difficult; but with SDI we are showing already that we have the technological know-how, the courage, and the patience to change the course of human history.

[1]Text from Weekly Compilation of Presidential Documents of Mar. 28, 1988.

# The U.S. and the Pacific Basin: Trade and Adjustment Issues

*by V. Allen Wallis*

*Address before the Asia Society in New York City on April 26, 1988. Mr. Wallis is Under Secretary for Economic Affairs and Agriculture.*

am pleased to be with you today, here that an Asian audience might regard as the "far east," to talk about our economic relations with what we might consider the "far west." Whatever labels we use, our economic relations with our friends across the Pacific are growing ever more important.

Many of you undoubtedly saw the recent *Newsweek* cover story entitled "The Pacific Century." This story reinforced an impression that is dangerously erroneous, though widely held, that development in the Pacific is an economic threat to the United States. The opposite is true. We benefit greatly from active economic relations with any dynamic region, and the Pacific now surpasses all other regions in trade with the United States. We will benefit more as their prosperity grows.

Let me remind you how much our economy has benefited from the development of Japan during the past third of century. Japan has become our largest customer, except for Canada, both agricultural and industrial products and also our largest supplier of manufactured products—again, except for Canada. Some of our companies and industries have lost while others have gained from our trade with Japan, but for the country as a whole, the gains have outweighed the losses by far. Admittedly, the gains would be even larger if Japan's markets were more open—but that is getting ahead of the story.

My story is about our ties with the Pacific: the dramatic growth of the East Asian economies and their increasing importance in world trade, the problems of imbalances and the need for structural adjustments in even the successful economies, and possible ways to strengthen the community of interest that is evolving in the Pacific Basin. By cooperative efforts to build on our achievements, by increasing the openness and flexibility of our economies, we can realize the promise of the Pacific century.

### Success of the East Asian Economies

The success of many East Asian economies during the past decade or so refutes arguments used here and abroad to justify insulating domestic industries from foreign competition and market forces. In East Asia, the economies with the highest trade barriers do not have the strongest growth, strongest employment, highest standards of living, or even strongest trade balances. If anything, the opposite is true. The economies that are more open have outstripped the socialist economies in production, investment, and trade.

These successes, however, are only partly a triumph of market forces. Even in economies which have undergone dramatic export-led growth, structural rigidities continue to exert economic drag and pose obstacles to successful adjustment to the world economy; more on this later.

Let's first look briefly at the successes. Japan's remarkable postwar performance, especially in exports, is familiar to all of us. Even with the recent slowdown in economic growth, Japan's growth in export volume has averaged about 10% per year for the last 20 years, and growth in gross domestic product (GDP) has averaged over 5% in real terms (that is, adjusted for inflation). This is roughly twice the rate of growth of the rest of the OECD [Organization for Economic Cooperation and Development] countries. Japan's share of world exports is now over 10%, about twice its share of 20 years ago. With the strong appreciation of the yen, Japan's per capita gross national product (GNP) last year topped $19,000, nominally higher than the United States, although it is less in terms of real purchasing power.

In more recent years, new Asian economic marvels have appeared. South Korea, Taiwan, Hong Kong, and Singapore, though there are great differences among them, have used economic strategies that, generally speaking, are outward looking and market oriented, and during the 1980s they have attained some of the world's highest growth rates. Last year, the growth rates of these Asian members of the group known as the newly industrialized countries, or NICs, were between 8% and 14% in real terms. As in the case of Japan, their rapid growth has been mainly in exports, and the United States has been their most important market. These four economies together would be our third largest trading partner, after Canada and Japan.

The countries of the Association of South East Asian Nations, or ASEAN (except the Philippines), enjoyed economic success through most of the 1980s, although most suffered a downturn in 1985–86. Malaysia and Thailand are leading the way and are now being touted as the most likely new NICs. In the Philippines economic growth has resumed under the democratic government of President Corazon Aquino, which is undertaking major economic reforms, including reforms of monopolies, taxes, and tariffs. In 1987, growth averaged 4.6% in the six ASEAN nations (Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand).

Even the People's Republic of China is embarked on an effort to open its economy. Starting from an extremely small economic base, China's real growth for the past 5 years has averaged almost 10%.

East Asian cultures traditionally place high value on education and hard work. A vigorous entrepreneurial response follows any loosening of government policies. Also, saving rates in these countries are high, so resources are available for investment and technological development.

In sum, the authorities in these East Asian economies are committed increasingly to market-oriented policies and are reaping rewards. Stagnation in the planned and controlled economies of North Korea and Indochina stands in sharp contrast.

### The Need for Structural Adjustment

Despite the dynamism of the East Asian economies, however, serious problems remain, and they affect adversely both internal progress and relations with the outside world. Symptomatic of these problems are external trade and payments surpluses that are often cited as evidence of success—an example of the persistence of mercantilist fallacies—when, in fact, they may reflect market inflexibility and failure to adjust.

Japan's current account surplus exploded from $4.8 billion in 1981 to $87 billion in 1987, although it has been declining for the past year. Korea—which had persistent, and even excessive, current account deficits prior to 1986—has had large surpluses during the last 2 years. Taiwan, with a series of large and growing current account surpluses, has amassed foreign exchange reserves of over $75 billion, exceeded only by the reserves of Japan and the Federal Republic of Germany.

The combined current account surplus of these two NICs was about $27 billion in 1987.

International imbalances are not inherently bad. If they reflect differences among countries in their propensities to save and their opportunities for investment, such imbalances are part of the market process by which capital is allocated efficiently around the world. Japan, for example, a rich and high-saving country, should not necessarily be in balance on its external current account. Even if Japan were to remove all market barriers and structural impediments, it would probably run a surplus.

On the other hand, international imbalances may be symptoms of structural maladjustment. If government policies restrict markets, artificially stimulate or inhibit national saving levels, distort investment decisions, or maintain artificial exchange rates, not only will the consequences be adverse for the domestic economy but they will affect the economies of their trading partners. This is why structural adjustment is among the most pressing issues on the international economic agenda and why it has received so much attention at the annual economic summits and OECD meetings of ministers.

Structural maladjustments create problems beyond economic inefficiency and dampened growth. The coexistence of large imbalances and barriers that stifle opportunities for free international competition gives ammunition to protectionists seeking a pretext for closing our own markets—even though that would impose heavy costs on our own economy.

Continuation of productive relationships with our East Asian trading partners is threatened seriously by the persistence of structural problems. So I will turn now to some of these problems and our efforts to get our partners to make appropriate adjustments. The United States, of course, must do its share if adjustment is to be complete, and I will touch on that, too.

### Japan

Although Japan is often portrayed as a threat to our economic well-being, the United States has, as I said earlier, benefited greatly from Japan's remarkable successes. We have received quality products at competitive prices, large amounts of capital, and the spur of technological competition, all strengthening our own economy. But both countries could gain much more from the relationship if Japan freed up its economy more fully to market forces and allowed it to benefit, as ours has, from freer international competition.

Japan's success as an exporter has created the appearance of an extremely advanced, competitive economy. The reality, however, is that much of the Japanese economy is astonishingly inefficient—so inefficient that increasingly it is being recognized in Japan. The report of the commission headed by former Bank of Japan Governor Maekawa recommended not only increased market access and further liberalization of Japan's capital and financial markets but also the promotion of domestic demand and a transformation of Japan's industrial structure. But action has lagged behind recognition. When competitive American firms have sought to break into the more inefficient and protected sectors, trade disputes have erupted.

Twenty-two Japanese industries—mostly in basic industries such as aluminum, petrochemicals, and fertilizers—are officially classified as depressed. Japanese assistance to these industries often simply props them up, rather than helping to shift resources into more productive uses, and it displaces competitive imports in the process.

**Agriculture.** Although Japan is our number one agricultural customer, America's farmers, with their superior productivity, could provide even more food to Japanese consumers at lower cost. Yet they are prevented from doing so in many cases by quotas, high tariffs, and a special land policy for agriculture. Domestic rice costs Japanese families seven times the world price, but Japan still resists imports. Wheat imports would also be increased if inefficient producers were not protected. Beef and citrus quotas are the focus of difficult negotiations right now.

**Retailing and distribution.** Japan's cumbersome internal distribution system raises the prices of goods, especially imported goods, and restricts their availability. Even with the massive rise in the yen's buying power, the distribution system has prevented lower yen costs of foreign goods from being passed on fully to Japanese consumers.

Although much remains to be done, some progress has been made in implementing the reforms recommended by the Maekawa commission. Japan's economy has undergone remarkable adjustments over the past 2–3 years in response to market pressures from the exchange rate. Aided by policies designed to strengthen domestic-led growth, the Japanese economy is now booming. Domestic consumption, rather than net exports, is now the strongest component of GNP growth. Continuation of that will be dependent on structural reforms to free up the Japanese economy.

President Reagan and Prime Mi ter Takeshita agreed when they met January that the achievement of sustained noninflationary growth and re duced trade imbalances would remai top priorities of their economic polici Subcabinet-level talks with the Japanese on structural economic issues have been held on four occasions, mo recently in Tokyo last Friday. These talks are not negotiations but exchanges of ideas intended to define b ter the causes of external imbalances and to identify alternative solutions.

Apart from this dialogue—whic could be called a wholesale approach the imbalances—we will continue ou retail approach of seeking to remove specific trade barriers affecting Ame can goods and services, such as the c rent negotiations on beef and citrus fruits. Unfortunately, retaliation und our trade laws may be necessary in cases where the Japanese are insuffi- ciently responsive to our concerns.

We also continue to urge Japan t assume leadership in the Uruguay Round commensurate with its positi as the world's second largest econom In particular, we need Japanese supp to achieve our key objective of comp hensive agricultural reform—which i plies Japanese reduction of protectio agriculture and our reduction of subsidies.

### The Newly Industralized Economies of East Asia

The four East Asian NICs together represent a major factor in world tra with total exports and imports in 198 of almost $322 billion. All four have r lied on export-led growth, but the openness of their economies differs markedly. Hong Kong and Singapore markets are almost totally free, although Singapore maintains some restrictions on services and a few tarif Singapore regularly has a sizable tra deficit, while Hong Kong's trade has been near balance. The current acco surpluses of both are modest. Singapore and Hong Kong have largely fol lowed the market-directed policies th are necessary if international adjustment is to take place. It is not a coin dence that they also have the highest per capita GDP among the NICs—$7,500 last year in Singapore and $7,900 in Hong Kong.

Taiwan and Korea, on the other hand, maintain more restricted dome tic markets with much government i tervention in the economy. Despite significant tariff reductions made by Taipei, its tariffs average 16%. Korea

age 20% and are combined with nu-
ous quantitative restrictions and
ight bans on imports. Trade in cer-
agricultural products and some
ice sectors, such as advertising and
king, have been especially pro-
ed. Korea bans the import of beef,
iolation of its GATT [General
eement on Tariffs and Trade] obli-
ons and of commitments made to
United States last year. Taiwan and
ea have made major improvements
e protection of intellectual prop-
—patents, trademarks, and
rights—in the past 3 years, but
e problems remain in this area in
economies.

Taiwan has had large current ac-
t surpluses for a number of years;
1987 figure was over $17 billion.
ea's current account surpluses be-
only in 1986 but reached almost $10
on last year. Surpluses of this mag-
de, particularly in developing econ-
es, suggest domestic maladjust-
ts.

We have had intensive discussions
Taiwan and Korea on their re-
tive practices and taken other ac-
s when warranted. Some progress
been made on currency and trade
es. Taiwan's currency has appreci-
l over 40% since August 1985, and
Korean won has experienced con-
erable revaluation this year. U.S. ex-
ts to Taiwan rose 39% in 1987, and
se to Korea rose 30%.

We must recognize that the success
he Korean and Taiwan economies,
pared to other NICs and LDCs
s developed countries], is due in
e part to their relative openness.
also recognize that adjustment is a
itical as well as an economic issue,
which affects entrenched special in-
ests and which has been complicated
the recent commendable progress in
h countries toward democracy.

Nevertheless, Taiwan's and Korea's
able current external imbalances are
ns that further adjustment is essen-
l and in the best interests of both.
in the case of Japan, deferring ad-
tment in Korea and Taiwan places
l burdens on their own populations.
eater access to imports, for example,
uld raise the living standards of
ir consumers and generally enhance
iciency.

Because of their new prominence
the world economy and their depend-
ce on exporting, the NICs have a vi-
stake in the successful outcome of
e Uruguay Round trade negotiations.
the NICs are to maintain and im-
ove their access to developed-country
rkets and to attract investment cap-
l and technology, they must play a strong role in extending GATT disciplines to agriculture and to such areas as services, intellectual property, and trade-related investment measures.

### China

After three decades wandering in the wilderness of Marxist theory and rigid central planning, China seems to be finding the road toward economic progress. The government is proceeding very cautiously, however, on the most essential reform, namely prices. China's huge domestic market remains closed to U.S. exporters in many sectors, and restrictions on foreign investment are extensive.

In this connection, China's application to join the GATT poses an interesting challenge. We anticipate prolonged negotiations over China's terms of accession and the problem of reconciling Chinese economic policies with the disciplines of the GATT system. The process will require close examination of the role of Chinese central planning, import barriers, and the lack of transparency in their trading system.

### The United States

We must consider also our own barriers to growth. The key point, of course, is to resist the siren call of protectionism and keep our markets open to the world's goods and investment. We have many trade barriers in the United States comparable to those to which we object vociferously in other countries—textiles, steel, automobiles, and machine tools are examples. Structural adjustments, such as we urge on other countries, would require us to make adjustments in some of those. In general, however, many of the adjustments most important for the United States already have been made—control of inflation, tax reform, deregulation of transportation, communications, and finance are examples. While we have made progress on controlling government expenditures, we clearly have much left to accomplish.

### Increasing Pacific Basin Economic Cooperation

The successes of the East Asian economies highlight the remaining barriers to a free flow of goods, services, capital, and technology within individual economies and among them. That is why I said earlier that the successes are "only partly a triumph of market forces." I have discussed some of the specific economic issues that we have with our Pacific friends and the remaining efforts on structural reform that need to be made by all Pacific Basin countries, including the United States.

These are issues that we talk about with some of our East Asian friends bilaterally and in multilateral organizations such as the GATT, the IMF [International Monetary Fund] and World Bank, and the OECD. We also discuss them in subregional groupings such as the annual ASEAN-U.S. dialogue and the annual ASEAN ministerial discussions with Australia, Canada, the European Community, Japan, New Zealand, and the United States. Each of these forums is useful, but each has limitations. Bilateral consultations frequently focus solely on trade or other issues between the two countries. Multilateral organizations either go far beyond the Pacific Basin in membership, or are restricted to subregional groupings, or are limited to nongovernmental participants.

In view of the dynamism of the Pacific Basin economies and their potential, I believe that there is a real need to consider some further means to bring together the market-oriented economies of the region and those that are clearly committed to moving in that direction. I am by no means alone in this belief. A number of organizations and prominent individuals have given a lot of thought to this question, and a consensus is developing that something should be done. The question is, what?

For the present we will, of course, continue to rely mostly on existing organizations in the region; but it seems to me probable that before long an intergovernmental process may be appropriate. The purpose of the discussions it would conduct would be to stimulate policy changes which only governments can make. There are many questions that will have to be answered before a formal arrangement can be proposed, including the needs and desires of all countries of the Pacific, the status of Taiwan and Hong Kong, and possible participants from outside the region. But I believe that it is time to begin to think systematically about how to organize a continuing dialogue on policies to enhance economic growth and create closer ties.

Before we can consider how to organize a dialogue we must consider what the agenda would be. The fundamental subject would be how best to advance the welfare of the people of the area. Obviously, this would involve discussions of domestic economic policies, and, almost as obviously, it would involve international economic policies. In these respects, it would resemble the OECD, although in others it would not.

Economic policy, however, functions in a social, cultural, and political milieu. While the OECD countries are—speaking very broadly—homogeneous, not only do they differ greatly from most Pacific countries, but the Pacific countries differ greatly among themselves.

To the extent that countries are part of the world economy, the same basic economic principles operate, however different the context. Hence the Pacific countries might well discuss subjects similar to those that the OECD discusses, but discuss them in entirely different ways.

Such discussions might consider alternative legal institutions and instruments and how they affect the economy, or methods of raising government revenues, or varieties of economic infrastructure and means of providing them. Their international agenda might include such subjects as liberalizing transportation and communications between countries.

Surely structural reforms would be considered. In a world that focuses on exchange rates and World Bank loans, the value of structural reforms often goes unnoticed. But the effects of bad tax systems, restrictions on investments, antiquated financial markets, and overregulation of commerce can do more harm than 100 development bank loans can do good. It would be useful for the Pacific Basin countries to have a forum where they can discuss some of these ideas without having viewpoints or conclusions forced on them.

### Trade-Related Measures

Trade also would have to be on the agenda. Opening markets, protecting intellectual property, and similar steps may seem to some rather one-sided, good for the developed countries but not for the developing. This is a view that needs critical examination, taking into account that opening their markets will better the lot of developing country consumers and businesses, who will have access to products at lower costs, and that opening markets will help the developing countries more quickly identify and capitalize on their comparative advantages.

### Transportation

Another possible agendum is transportation. One of the major impediments to the full realization of the economic opportunities that exist in the Pacific Basin is the antiquated patchwork of restrictive regimes that continues to govern Pacific air service. We need a new market-oriented approach to air transportation, one which facilitates rather than impedes our development of this extraordinary market for trade and tourism.

### Education

One final point about dialogue. The United States is not taking full advantage of the opportunities presented by foreign students who come to the United States to study. Thirty-nine percent of all foreign students studying in the United States are East Asians. The four largest groups of foreign student in the United States are from Taiwan Malaysia, the People's Republic of China, and Korea. Are U.S. business investing enough time and effort in g ting to know these students, and ben fiting from their language skills and cultural knowledge? Are we ensuring that they have a full understanding o the U.S. society and culture? And ar there sufficient ties between us so th we can continue a close relationship i government, business, education, an culture after they return home?

These are a few suggestions. I would like very much to have your ideas on the nature and agenda for a dialogue. ■

# Finance Ministers Discuss Trade and Monetary Policies

*The finance ministers and central bank governors of Canada, France, West Germany, Italy, Japan, the United Kingdom, and the United States (represented by Secretary of the Treasury James A. Baker III and chairman of the Board of Governors of the Federal Reserve System Alan Greenspan) met in Washington on April 13, 1988, and issued the following statement.*

1. The finance ministers and central bank governors of seven major industrial countries met today to conduct multilateral surveillance of their economies pursuant to the economic policy coordination process adopted at the 1986 Tokyo summit and strengthened at the 1987 Venice summit. The managing director of the IMF [International Monetary Fund] participated. They discussed the medium-term objectives and projections for each of their economies and for their countries as a group, together with prospects for short-term performance, as a basis for assessing current economic trends. As part of their continuing efforts to strengthen coordination, they agreed to develop for inclusion in the set of existing indicators a commodity price indicator as an additional analytical instrument. In this context, they agreed to consider ways of further improving the functioning of the international monetary system and the coordination process.

2. The ministers and governors reviewed economic and financial developments since their statement of December 22–23, 1987. They noted th their renewed cooperation has provid a basis for improvements in their eco omies that will strengthen economic performance. They reaffirmed the val ity of the policy directions and commi ments set forth in that statement, which are contributing to continued growth with low inflation. Furthermore, they welcomed the additional e dence that the correction of external imbalances is underway, as well as th increased stability in exchange rates. They also agreed that greater attenti will be given to structural reforms to increase the flexibility of their economies and to improve growth and adjustment.

3. The ministers and governors e pressed their determination to contin to coordinate economic policies to strengthen the underlying fundamentals and thereby reinforce the conditions for exchange rate stability. They reiterated that either excessive fluctu tion of exchange rates, a further decline of the dollar, or a rise in the doll to an extent that becomes destabilizin to the adjustment process could be counterproductive by damaging growt prospects in the world economy. The ministers and governors also reemphasized their common interest in stable exchange rates among their currencies and agreed to continue to cooperate closely in monitoring and implementing policies to strengthen u derlying economic fundamentals to fos ter continued stability of exchange

es. In addition, they agreed to con-
ue to cooperate closely on exchange
arkets.

4. The ministers and governors
ed that other countries also have re-
nsibilities for supporting the global
justment process. In particular, while
ing that certain newly industrialized
conomies have performed remarkedly
ll, they called upon their authorities
accept greater responsibility for en-
uring an open trade and payments sys-
em and correcting global payments
balances. Toward this end, they
ged them to continue to take actions
reduce trade barriers and to allow
eir currencies to reflect fully the un-
lying strength of their economies.

5. The ministers and governors
essed their strong opposition to pro-
ectionist measures as a means of re-
nding to global imbalances. They
ffirmed their determination to con-
ue to resist protectionism and to pro-
e an open world trading system. In
t connection, they emphasized the
portance of early progress in the
uguay Round toward trade liberaliza-
n by all participants.

6. The ministers and governors re-
rmed their full support for the cur-
t case-by-case debt strategy as the
y viable and realistic approach for
rcoming international debt prob-
ms. They welcomed the progress be-
made by some debtor countries in
ieving increased growth and reduced
yments deficits through the imple-
ntation of sound macroeconomic and
uctural policies. They noted that a
jor contribution to the financing of
ebted developing countries has been
de through Paris Club rescheduling
public credit. They emphasized the
portant role commercial banks have
supporting debtor countries' reform
orts through adequate and appropri-
financing options under the menu
proach. The ministers and governors
terated their strong opposition to
bal debt-forgiveness proposals that
nsfer risks from the private sector to
international institutions or creditor
vernments. They urged the IMF and
World Bank to continue to work
th debtor countries on a case-by-case
sis to support debtor countries' re-
m efforts and to catalyze needed ex-
rnal financing through techniques
nsistent with the evolving, growth-
ented debt strategy. ■

# Challenges in International Civil Aviation Negotiations

*by Jeffrey N. Shane*

*Address before the Wings Club on February 26, 1988, in New York City. Mr. Shane is Deputy Assistant Secretary for Transportation Affairs in the Bureau of Economic and Business Affairs.*

No industry enjoys a more romantic reputation than international aviation. It has an undeniable glamour. Aviation has changed history, has "made the world smaller." For every country, there is no prouder way to display the national flag than to fly it around the world on the tail of a sleek, wide-bodied jet aircraft. I suspect that most of us, however swollen our frequent flier accounts, continue to regard the phenomenon of powered flight as more akin to magic than to science.

But you have heard all that before, and you certainly don't need to hear it again from me. I want to offer you, instead, a rather different characterization of this much-heralded industry of ours, as seen from the perverse vantage point of the professional aviation negotiator. Take a short respite from all that romance and glamour, if you will, and come with me on a tour of the dark, sinister underworld of international aviation. But first a warning: it's not for the squeamish. I'm talking about the bilateral negotiating process—not a pretty picture.

### The Bilateral Approach to Aviation

You all know the history. Most of the world's aviation powers came together at Chicago in 1944 to create a legal framework for the postwar future of international civil aviation. The United States proposed a multilateral "open skies" agreement, guaranteeing commercial landing rights everywhere to the world's airlines without restriction. It didn't sell. The consensus among other governments at the Chicago conference was that the benefits of an open regime would flow disproportionately to the carriers of relatively few countries, notably those of the United States. What we got instead was the Chicago convention, which specifically left the establishment of commercial traffic rights to be negotiated by governments on a market-by-market basis. As a result, international aviation today is governed by something like 1,500 bilateral agreements, each setting forth with exhaustive specificity the rules that govern commercial flight in the market in question.

I wouldn't even try to guess how many millions of person-hours have been consumed in the negotiation, drafting, and periodic updating of these long and prolix accords. But I can tell you what the result has been. It is that this huge, progressive, and highly sophisticated industry is hamstrung today by a worldwide proliferation of trade barriers that would be considered simply unacceptable in most other sectors of commercial activity. What we have is the strangest of paradoxes: a global enterprise boasting some of the world's most advanced science and engineering that operates according to a set of anachronistic, mercantilistic rules consciously crafted to impede efficiency and limit opportunity. It is the marriage of 20th-century technology to 18th-century economics.

To many of you, this will sound like an exercise in hyperbole. But that's only because we have lived with this contradiction for so long that we have lost our capacity to appreciate its irony. We treat it as a "given" in the air transport equation. It has become the conventional wisdom.

Understand, please, that I am not now talking about the sorts of restrictive and discriminatory practices that clearly exceed anything authorized by our bilateral agreements. There are lots of those out there as well, and I'll have more to say about that kind of conduct later. I am referring, at the moment, to those impediments to the exercise of sound managerial discretion that we have intentionally built into the international legal framework for air transport.

Incredible as it seems, the most important trade barriers in the aviation sector are established by formal, government-to-government agreement. I'm talking about agreements, for example, that allow a government to tell an international airline that its fares are too low or even that the conditions attached to a new discount fare are insufficiently restrictive. In most cases, no showings of predatory intent or below-cost pricing are required to justify such tinkering; except where the market is

governed by one of our more recent, liberal bilaterals, foreign governments are entitled to regulate the prices charged for air transportation as a matter of legal right. Foreign government regulators have even told our airlines that, because their business class sections were too comfortable—too few seats abreast—they were required to increase their business class fares. Does that sound like an anecdote from the annals of aviation history? It happened in 1986.

And I'm not talking about a phenomenon by any means confined to developing countries fearful of the might of airlines flying from strong, highly industrialized countries. Japan—our second largest overseas aviation partner—has just disapproved, without betraying even a hint of national embarrassment, a discount fare proposed by United Airlines. Think about it: the Government of Japan is formally objecting to price competition in its market by a U.S. company. We have objected, of course, on policy grounds; we can try to make Japanese regulatory officials more sensitive to the damage they continue to inflict on this most important, and yet most strained, of trade relationships; but the fact remains that Japan technically has the right to disapprove United's fare by virtue of our bilateral agreement.

Other agreements empower governmental regulatory authorities to second-guess airline flight schedules, compelling carriers to fly fewer frequencies than their own planners have specified. They do so not because of slot restrictions or any other physical limitation but because these governmental regulators somehow presume to know more about passenger demand and market development than airline management knows. Some agreements require that a government call for consultations and wait a season before capping the capacity of a foreign airline in its market, but the chilling effect of such provisions, nevertheless, discourages innovation, promotion, and market development.

Most of our bilateral agreements specify that either country can designate "an airline *or airlines*" for service to the other country, creating at least the appearance of an open-entry regime. But many of our foreign partners balk at having a multiplicity of U.S. airlines in their markets in spite of those provisions, thereby creating real barriers to new entrants. Witness the astonishing spectacle last week in Washington in which three airline chief executive officers all found themselves testifying before a Department of Transportation administrative law judge in a proceeding that will decide which ***one*** U.S. airline will be permitted to operate on the capacity-limited, turnaround Seattle-Tokyo route currently operated by United. Why are we compelled to treat as a scarce resource the right to conduct commercial flights between the United States and Japan—one of the world's most mature and robust aviation markets? Because the system makes it so.

In many countries, charter carriers still have to operate under charter-worthiness rules, quotas, and other restrictions that serve more to frustrate than to encourage growth in travel and tourism. Airline decisions relating to aircraft deployment and utilization also are frequently dictated by government regulators. The efficiencies offered by flexible hub-and-spoke operations and changes of gauge, so effectively exploited by U.S. airlines in our deregulated domestic market, are usually subject to arbitrary and artificial restrictions that simply render them beyond reach in international markets.

Of course, the most important constraint on the freedom of airlines to develop international city-pair markets is the way in which those markets are established in the first place. But that, after all, was the central feature of the Chicago convention system: that the pattern of commercial air services between countries would be established through carefully negotiated, entirely reciprocal, bilateral agreements. And that is what we have been doing for the past 44 years. Imagine where the world economy would be today if we had adopted mechanisms of that kind for other sectors of international trade and commerce.

### Who Benefits?

Now you may think, because I am focusing on the many anomalies in that system, that I am proposing its abolition; wrong. For perhaps the biggest irony of all in the Chicago convention approach is that the very elements of the system that were designed to protect other nations' carriers against ours now seem to be protecting ours against theirs. The fact is that a system in which market access has to be negotiated on a bilateral, reciprocal basis will provide the greatest benefits in the long term to those with the most attractive markets, and that's us.

Let me explain. It is well known, think, that the United States has bee opposed consistently to most of the re strictive features of the bilateral syste that I've mentioned—the impediment to sound commercial decisions regard ing prices, capacity, equipment, and t like. As I have said, those features ar now part of many bilateral agreement but it must be understood that they a there only because of foreign government insistence on continuing restrictive regulation of aviation.

But in these circumstances there one restriction that we have not opposed. Given the insistence of our pa ners on a bilateral system—one in which each side must, perforce, husband what leverage it can—we have been perfectly happy to withhold fro foreign carriers new access to our ma ket until it is fully justified by compa bly attractive new opportunities for U.S. carriers abroad. We lobbied strenuously against the creation of thi system back in 1944, but now that we have it, we have learned to enjoy it. Americans, after all, are hardly stra gers to old-fashioned, arm's-length horsetrading.

Now it turns out that when we sit down across the table from a fore delegation these days, it is almost al ways the foreign delegation that assumes the role of *demandeur*. The United States does want more freedo to operate in many international mar kets, but our hunger in that regard does not approach that of our partne for better access to the United State

The transatlantic market is part ularly interesting in this connection. There, the imbalance in aspirations f new opportunities—those of U.S. car riers versus those of foreign carriers is likely to be particularly pronounce European airlines, intrigued by the d namic and exciting U.S. market—ma even more robust by deregulation—seek far broader and more flexible o portunities for service to and from U cities than are afforded by current ar rangements. U.S. airlines, on the oth hand, detecting nothing particularly new or different in the shape of the European air transport market, are reasonably content with their presen route structures. Yes, they object to the constraints on managerial discretion built into most existing bilateral agreements, but they are not willing pay very much for the removal of tho constraints. The ingredients essential to healthy new exchanges of opportu ity, in other words, are not often pre ent in our negotiations with Europea partners.

Thus, while the United States frequently complains officially about the operating limitations set forth in our aviation accords, the fact remains that, by and large, the bilateral system has served U.S. airlines very well. The proof is in the numbers. U.S. airlines carry just under half the traffic moving around from the United States. Amazingly, some U.S. airlines have actually complained about that number. What are they complaining about? What it means is that U.S. airlines have about half of a 50-million-passenger-a-year pie, representing something like $7 billion, while the carriers of each of our trading partners have a small sliver. Its a record, I submit, that should be the envy of most other American businesses.

### Sacrificing Larger Interests

Unfortunately, that is not the end of the story. For all of its near-term benefits to our airline industry, the bilateral negotiating system may not be serving the larger public interest nearly as well. The big losers in the picture, of course, are air travelers and shippers and U.S. cities that seek new direct air service to foreign points—service that foreign airlines want to provide but cannot because their aspirations for new service are not matched by those of the U.S. carriers. The cities rightly view direct international air service as essential to economic development, bringing new foreign investment, new foreign company offices and plants, new U.S. company facilities, new jobs, and tourism. And economic benefits that are denied to our local communities add up to much larger economic benefits that are denied, in the aggregate, to the nation as a whole.

We face, therefore, an important dilemma. An anachronistic, highly regulatory system of bilateral agreements has actually worked to the advantage of the U.S. airline industry to such an extent that we are beginning to deny ourselves the widely acknowledged benefits of an expanding, dynamic international air transport market.

How do we get out of this box? Not, I can assure you, by adopting a less vigilant position in our bilateral aviation negotiations. No, the few pockets of free-market experience in international air transportation to and from the United States are attributable to a single factor: our exploitation of the leverage afforded by this huge and delicious market of ours. Opening it up unilaterally in the hope that other governments will follow suit would be the most naive sort of folly.

A negotiating policy at the opposite end of the spectrum would be a pure, unalloyed "hard-rights-for-hard-rights" approach. I think that an approach of that kind, uncritically applied to every market, would be equally inappropriate for the United States. Hard rights for hard rights is a perfectly sound negotiating policy as long as airlines on each side harbor similarly unfulfilled aspirations to serve the market. There are undoubtedly a number of important markets where that remains the case, the most notable of which is Japan. But where one side or the other in a bilateral relationship is either legitimately satisfied with the *status quo* or simply uninterested in developing new markets, the hard-rights-for-hard-rights approach can be a prescription for stagnation. Growth in the transport sector begets economic growth generally, and it would be a mistake of the first magnitude to sacrifice that essential objective in the quest for "mirror-image reciprocity." Quite simply, the stakes are too high, especially at this point in America's economic history.

I know this will shock many of you, but I do think that there are times when a "hard-rights-for-soft-rights" deal can be a good deal for the United States. There are circumstances in which the liberalization of an international market can create new opportunities for U.S. carriers sufficient to justify payment in the form of new access to U.S. cities for foreign carriers. The rub is that those circumstances don't arise very often. Unfortunately, we have few partners who, by themselves, are in a position to create those essential new attractions, even if they were to agree to complete deregulation.

It will be apparent from all of this that the quest for continued expansion in the international air transport sector, even if we try to maintain our flexibility, may be a bigger problem than most of us have thought. It may be that we have become victims of our own success. U.S. airlines are doing well, and may even be getting a little too comfortable, in an international air transport system that prescribes for each bilateral market a level and pattern of air service that often represents nothing more than a lowest common denominator. Because any unilateral effort on our part to open things up would diminish our market share, there will be no such effort. In other words, we're stuck.

To its credit, the Air Transport Association—representing most of America's airlines—has begun to worry about all of this and has suggested, as delicately as possible, that the U.S. Government should be mounting a more effective effort to find some answers. It is hard to disagree with that assessment.

### Looking at European Liberalization

Consider, for a moment, a single issue: the likely advent of a European common market for air transport. Whether or not Europe adopts the U.S. model for its aviation sector, there can be no doubt that the European Economic Community (EEC) is at last moving toward a significant liberalization of intra-Europe air services within the framework of the Treaty of Rome. The ultimate objective, of course, is to include aviation within the free internal European market to be established by 1992.

We read that virtually all other industries with any interest in Europe—insurance, banking, telecommunications, automobiles, food manufacturing, data processing—are focusing carefully on the likely achievement of a true European Common Market by the end of 1992 and are investing heavily in preparations for it. Our airline industry should be doing nothing less. We are starting to hear about the possibility that the U.S. experience with airline mergers and consolidations may be replicated to some extent within Europe. What would the emergence of strong, new, European multinational airline companies mean for our bilateral arrangements? For airline competition across the Atlantic?

An important possible corollary to the likely establishment of a free internal aviation market, at least in the view of a number of European commentators, is the establishment of a single, EEC-wide entity for the purpose of conducting aviation negotiations with the United States. The goal, of course, would be to establish for Europe a stronger bargaining position in negotiations for improved European airline access to the U.S. market. Europe might even be in a position, it is suggested, to cancel the ability of U.S. airlines to carry local passengers from one European country to another—"fifth-freedom" traffic—unless European airlines are finally permitted to carry purely domestic "cabotage" traffic within the United States.

What should be our reaction to this development? It goes without saying, of course, that any effort by European governments to cut back on U.S. fifth-freedom rights would compel us to reduce European carrier rights by a like measure. But is it really necessary to contemplate a tit-for-tat reduction of transatlantic opportunities at the very moment when Europe's treatment of air transport and our own are finally beginning to converge? Shouldn't we be working closely with Europe now in anticipation of 1992? Might it be that the Community's liberalization of aviation—the creation at last of a single, unified market comparable in magnitude to our own—is the very solution we have been looking for? Let us hope that the whole of the European Economic Community will be stronger than the sum of its parts. The likelihood is that real liberalization of the transatlantic market, and that long-sought expansion that has been so elusive in our heretofore purely bilateral approach, will be far more readily achievable in the context of a negotiation between two equal partners.

At this point in time, of course, the prospects for a new, comprehensive U.S.-Europe bilateral agreement have to be considered pretty speculative. The Community's member governments still have a long way to go, after all, in the forging of an agreed, unified approach to air services. Moreover, not every sign is encouraging. Even now, less than 3 months after the EEC's adoption of the first, relatively modest stage of aviation liberalization, European critics are already worrying loudly about the consequences of too much expansion in the air travel market, issuing warnings about the dangers of "bigness," and stressing the importance of avoiding what is pejoratively termed "U.S.-style" deregulation.

Perhaps it would make more sense to think about testing a new, multilateral approach in the all-cargo sector first. The transatlantic market would appear to be an ideal crucible in which to try a meaningful experiment in international all-cargo deregulation, an idea that Federal Express Chairman Fred Smith has been promoting. A successful all-cargo deregulation arrangement would have to be characterized by genuine open entry. It would have to furnish enormous new routing flexibility to the airlines of the participating countries, with traffic rights to intermediate and beyond points and unrestricted changes of gauge. Freedom to establish or employ ancillary truck distribution facilities would also be essential.

Equally important, it could also be an experiment in multilateral negotiation, enabling governments to feel their way through a process that, while unfamiliar, might well produce dramatic dividends for all participants.

### Scarcity or Abundance?

These and a great many other new issues before us suggest strongly that it may be time for a renewed national debate on international aviation policy, not just with respect to Europe but all international air transport markets. It would require active participation by all parties—Congress, our communities, passenger and shipper groups, the executive branch, and, of course, the airlines. The objective would be to find new and better ways to expand the air transport sector, generating new opportunities for our carriers and producing important new benefits for travelers, shippers, and communities.

I have only one reservation about that debate. It is that any effort to think great thoughts about the future of international air transport is likely to be compromised by exposure to the present. How are U.S. airlines to be expected to embrace the objective of a more liberal regime when foreign governments so frequently fail even to live up to the limited promise of conventional arrangements?

## President Signs Protocol on Ozone-Depleting Substances

**PRESIDENT'S STATEMENT, APR. 5, 1988**[1]

I am pleased to sign the instrument of ratification for the Montreal protocol on substances that deplete the ozone layer. The protocol marks an important milestone for the future quality of the global environment and for the health and well-being of all peoples of the world. Unanimous approval of the protocol by the Senate on March 14th demonstrated to the world community this country's willingness to act promptly and decisively in carrying out its commitments to protect the stratospheric ozone layer from the damaging effects of chlorofluorocarbons (CFCs) and halons, but our action alone is not enough. The protocol enters into force next January only if at least 11 nations representing two-thirds of worldwide consumption of CFCs and halons ratify the agreement. Our immediate challenge, having come this far, is to promote prompt ratification by every signatory nation.

I believe the Montreal protocol, negotiated under the auspices of the UN Environment Program (UNEP), is an extremely important environmental agreement. It provides for internationally coordinated control of ozone-depleting substances in order to protect a vital global resource. It requires countries that are parties to reduce production and consumption of major ozone-depleting chemicals by 50% by 1999. It creates incentives for new technologies—chemical producers are already working to develop and market safer substitutes—and establishes an ongoing process for review of new scientific data and of technical and economic developments. A mechanism for adjustment of the protocol is established to allow for changes based upon the review process. The wisdom of this unique provision is already being realized.

Data made available only during the last few weeks demonstrate that our knowledge of ozone depletion is rapidly expanding. For our part, the United States will give the highest priority to analyzing and assessing the latest research findings to assure that the review process moves expeditiously.

The Montreal protocol is a model of cooperation. It is a product of the recognition and international consensus that ozone depletion is a global problem, both in terms of its causes and its effects. The protocol is the result of an extraordinary process of scientific study, negotiations among representatives of the business and environmental communities, and international diplomacy. It is a monumental achievement.

[1]Text from Weekly Compilation of Presidential Documents of Apr. 11, 1988.

The fact is that our airlines are be- riven to distraction by difficulties reign markets that simply have no in any mature bilateral rela- hip. The problems come in all es and sizes. Some constitute seri- violations of the "fair and equal op- unity" clauses of our bilateral ements; others are merely unneces- nickel-and-dime irritants. But all ribute to a perceptible bloody- edness on the part of U.S. airlines would certainly undermine their usiasm for the establishment of a liberal framework for the future.

I am talking about impediments to petitive ground-handling; sluggish oms clearance procedures; barriers nely currency conversion and re- ance; rules against dedicated check- cilities; bias in foreign computer vation systems; barriers to the eting abroad of U.S. computer vation systems; excessive foreign rt user charges; rights of first re- , royalty payments, and other ha- nents of charter operators; illegal ictions on changes of aircraft in l countries; artificial limits on fifth- dom traffic; like I said—not a y picture.

Our partners seem to think that if make life sufficiently difficult and mfortable for U.S. airlines, the Government will sue for peace— we will "pay" for better treatment increased access to U.S. cities for gn airlines. It is a tragic misread- of our national psychology. Re- tive and discriminatory conduct of sort that I have listed constitutes ing more than ammunition for the nies of liberalization. It challenges o obtain relief without payment, through retaliation. It postpones serious business of ensuring that air transport network is fully con- ent with the need for sustained eco- ic growth here and abroad.

Might I suggest to our aviation tners—however presumptuous it sound—that we would be well ad- d to keep our eye on the ball. Un- stand, please, that relationships h the United States are always more ductive and profitable if you don't uire us to spend endless hours try- to solve "doing-business" problems. I have tried to demonstrate, most ation bilateral agreements are al- dy hopeless enough as rules of the d; add further barriers to U.S. air- s' enjoyment of the market and the ationship deteriorates to the point ere it is about those barriers. New ess to the United States is not a ely product of such unseemly rancor.

Instead of basing our aviation relations on an assumption of scarcity, why can't we proceed from an assumption of abundance?

I'm not foolish enough to predict that the world's aviation powers will soon engage in a little breakthrough thinking and join hands in a march toward a brighter day—a time when international aviation will be characterized by economics as enlightened as its engineering. I know that it's just not a likely scenario. But I'm willing to hope. ■

## U.S. Concerns Over Danish Parliamentary Resolution

**DEPARTMENT STATEMENT, APR. 15, 1988**[1]

The U.S. Government is deeply distressed over the implications for NATO unity and cooperation of the resolution passed April 14 by the Danish *Folketing*. That resolution requires the Government of Denmark to inform visiting naval vessels specifically of Denmark's policy of not accepting nuclear weapons on Denmark's territory, including harbors.

The United States has a longstanding policy neither to confirm nor deny the presence of nuclear weapons aboard its ships. This policy is central to the U.S. ability to fulfill its NATO commitments. We are not going to change it.

Implementation of the *Folketing* resolution approved April 14 in a way which is inconsistent with the U.S. neither confirm nor deny policy would undercut the nuclear deterrence policy on which NATO's security is based. It would have extremely serious consequences for U.S.-Danish defense cooperation.

This is not only or principally a U.S.-Danish issue. It goes to the very heart of the meaning and interlocking nature of our mutual commitments within the NATO alliance. Therefore, the United States will wish to review, together with the Government of Denmark and its other NATO allies, the implications of this development for the NATO alliance and continued defense cooperation with Denmark.

[1]Read to news correspondents by Department spokesman Charles Redman. ■

## Greek Independence Day, 1988

**PROCLAMATION 5780, MAR. 25, 1988**[1]

The United States and Greece are old allies and friends. Our nations and peoples are bound by interests, kinship, values, and a record of common achievement. Ancient Greek ideals of freedom fueled our own struggle for independence, and American friends supported Greece's effort to forge a modern nation in 1821.

Over the years, millions of Americans of Greek ancestry have enriched and strengthened the United States. In this century, Americans and Greeks fought and died together in three wars. The Truman doctrine, which helped Greeks preserve their independence and launch Greece toward prosperity, is a proud achievement of American foreign policy. Today, Greece and the United States are partners in the NATO alliance, which has kept the peace and preserved freedom for nearly 40 years.

The democracy we so cherish began in Greece a millennia ago. The grandeur the ancient Greeks left has endowed modern Americans and modern Greeks with democracy's promise of liberty. Today, the world is still inspired by the eternal values and aspirations for which modern Greeks reached when they began their quest for independence on March 25, 1821.

Saluting our common fealty to democracy and its defense, and recognizing the bonds between the United States and Greece, the Congress, by Senate Joint Resolution 218, has designated March 25, 1988, as "Greek Independence Day: A National Day of Celebration of Greek and American Democracy" and has authorized and requested the President to issue a proclamation in observance of this event.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby proclaim March 25, 1988, as Greek Independence Day: A National Day of Celebration of Greek and

American Democracy, and I urge all Americans to join in appropriate ceremonies and activities to salute the Greek people and Greek independence.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of March, in the year of our Lord nineteen hundred and eighty-eight, and of the Independence of the United States of America the two hundred and twelfth.

RONALD REAGAN

[1]Text from Weekly Compilation of Presidential Documents of Mar. 28, 1988. ■

## 36th Report on Cyprus

### MESSAGE TO THE CONGRESS, MAR. 18, 1988[1]

In accordance with Public Law 95–384, I am submitting to you a bimonthly report on progress toward a negotiated settlement of the Cyprus question.

The Republic of Cyprus held presidential elections in mid-February 1988 and elected George Vassiliou, an independent candidate, as President of the Republic for a five-year term. I sent a message of congratulations to President Vassiliou noting the friendly, warm relations that exist between our two countries. I expressed the hope that his election would be the signal for progress in the search for a lasting, mutually acceptable settlement of the Cyprus problem.

There have been recent developments that reinforce my belief that there is an opportunity at this time to make real progress toward a settlement of the dispute. The new Special Representative of the United Nations Secretary General, Mr. Oscar Camilion, arrived in Cyprus shortly after the election of President Vassiliou and expressed his hope that there will be progress in the near future. Prior to his departure for Cyprus, Mr. Camilion met with U.S. Ambassador to the United Nations Vernon Walters and with the U.S. Special Cyprus Coordinator M. James Wilkinson. Our representatives voiced full support for Mr. Camilion's efforts and for the good offices mission of the U.N. Secretary General.

We also have seen the development of a new climate between Greece and Turkey as a result of the recent meetings between Prime Ministers Papandreou and Ozal. The two leaders have resolved to increase their cooperation and to work toward lasting solutions of the issues dividing Greece and Turkey. We welcome this development and the resultant building of confidence and lessening of tensions in the area. This new dialogue in the Greek-Turkish relationship can serve as an example and positive force in the region.

While there are thus hopeful signs, it remains for the parties directly involved to work diligently toward the common goals of peace and justice. Leaders of both sides face a challenge requiring patience and the exercise of farsighted statesmanship. I want to reemphasize that the Government and people of the United States of America remain committed to helping them work toward a lasting, mutually acceptable settlement.

Sincerely,

RONALD REAGAN

[1]Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and Claiborne Pell, chairman of the Senate Foreign Relations Committee (text from Weekly Compilation of Presidential Documents of Mar. 21, 1988). ■

## Northern Ireland

### PRESIDENT'S STATEMENT, MAR. 17, 1988[1]

St. Patrick's Day is a joyous occasio which we celebrate the Irish herita in America and the ties of kinship, culture, and values which the Amer and Irish people share. The frendsh between our two nations, treasured generations, will continue to be strengthened by our shared commit ment to democracy, justice, and pea

It is appropriate to pause in ou celebrations today to consider the s unresolved problems in Ireland. No ern Ireland continues to suffer from senseless violence, which tragically have seen repeated in recent days, a high unemployment. We can best ad dress these problems by supporting those who seek peaceful settlement disputes and rejecting those who se solutions through terror. Concerned Americans can help by refusing fina cial or moral support to any Irish terrorist.

We support the Governments a people of the United Kingdom and Ireland in their work for justice, pr ress, and reconciliation in Northern Ireland. Our government welcomed landmark Anglo-Irish agreement wh it was signed in 1985. It has already yielded important results. As an ex pression of our continuing support, United States is contributing $120 m lion to the International Fund for Ireland to promote economic progre and reconciliation—the goals of the agreement. Reconciliation and an en to discrimination in the workplace c best be accomplished in an environm of economic growth. We therefore su port economic development, the cre tion of new jobs, and equal employm opportunity in Northern Ireland.

Let all Americans and people of good will resolve on this St. Patrick Day to work toward a future of peac and prosperity for Ireland.

[1]Text from Weekly Compilation of Presidential Documents of Mar. 21, 198

# ncipled Realism: Foundation for U.S. Foreign Policy

*ohn C. Whitehead*

*Address to the Hans J. Morgenthau d Dinner of the National Committe n American Foreign Policy on h 16, 1988, in New York City. Mr. hehead is Deputy Secretary of State.*

truly a pleasure for me to be back in New York tonight, among eds, and to take part in a tribute to n [David Rockefeller] I so deeply re and whose friendship I so ly cherish.

Since its founding in 1974, the Na- l Committee on American Foreign y has fought for clear-headedness merica's dealings with the world. ving—as did the historian ydides—that "identity of interests e surest of bonds," the committee stressed the importance of our al- es to American security, even as it generated greater public awareness oviet aims and intentions.

Like its foremost founder, Hans J. genthau, the committee has coun- l realism as the foundation of for- policy and prudence as the most political virtue.

Early in his great work, *Politics ong Nations*, Professor Morgenthau e the following striking comment: tory," he said, "shows no exact and essary correlation between the qual- of motives and the quality of foreign cy." He drove home his point by ng these disturbing questions:

- "How often have statesmen been ivated by the desire to improve the d, and ended by making it worse?"
- "And how often have they sought goal, and ended by achieving some- g they neither expected nor red?"

It used to be said that Disraeli d out in the House of Commons e a flamingo in a barnyard." So is Morgenthau's writings stand from the average treatise on ernment.

Professor Morgenthau posited that lern political thought is divided into overarching schools. One of these ools believes that, given an adequate tract blueprint, good societies and active policies can be constructed at time and in any place. It reasons that the only possible explanations of the failure of governments and policies must be bad judgment, bad institutions, or bad will. This is the "utopian" school.

The second school believes that government is the art of maximizing preferable outcomes in a world in which—by the very nature of the human condition—we cannot always get what we want, when we want it. This is the "realistic" school of thought which Professor Morgenthau did so much to advance by his life's work.

We see this division into two schools—one "utopian," one "realistic"—time and again in discussions of world affairs and American foreign policy. For example, there is no doubt whatever that the spread of democracy throughout the world is a good thing for the United States. As a matter of principle, belief in self-government is the very sinew of our political life. As a matter of practicality, we know that democratic nations prefer prosperity to adventurism; prefer peace to war.

Yet the realistic policymaker also knows that the first flush of popular enthusiasm soon pales to disillusionment unless the democratic impulse is channeled into the creation of durable democratic institutions. Our own nation's experience under the Articles of Confederation underscores precisely this point. Our awareness of the fragility of young experiments in self-government has influenced our government's dealings with the world's new and rejuvenated democracies.

- That is why, in the Philippines, we have supported the Aquino government's efforts to spur economic recovery and defeat the antidemocratic, communist insurgency.
- Similarly, U.S. policy toward Korea has encouraged the development of democratic institutions. And, happily, Korea's recent elections demonstrate both a deep public commitment to democracy and a determination among that nation's new leadership to strengthen democratic processes.
- In Argentina, Brazil, and throughout Latin America, our government has worked with new democratic forces to encourage progression from democratic intentions to democratic habits and institutions.
- And, finally, to take a recent and dramatic example, our government is working resolutely to encourage a rapid restoration of democracy in Panama.

Last Friday, President Reagan ordered that a number of steps be taken against the illegitimate Noriega regime. Yesterday, Noreiga tried to expel one of our diplomats, a move we rejected because we do not recognize his authority to order our diplomats out. Today a faction of the Panama Defense Forces apparently staged a coup attempt that failed. It is still not clear exactly what occurred, but it does suggest that even the military is no longer united behind Noriega. And soon he may be gone. Once democratic government and constitutional order are restored in Panama, the United States is fully prepared to work with the government to help quickly restore the nation to economic health.

The utopian will tell you that all of our efforts to assist and encourage democracy are unnecessary. For he believes that democracy is like Jack and the beanstalk. One need only plant the stalk to produce a healthy plant that thrusts heavenward. But utopian misperceptions, time and again, yield a bitter fruit. Indeed, such misplaced optimism calls to mind George Orwell's comment about H.G. Wells: "He wore the future around his neck like a millstone."

In truth, a growing democracy requires care and nurture in a climate of safety and encouragement. Similarly, the forces of expansionism and tyranny benefit from climates conducive to their growth. So U.S. policy supports the forces of freedom in places such as Afghanistan, Angola, and Cambodia because history—which is realism's data bank—tells us that aggression unpenalized is aggression encouraged.

Let me briefly describe our principal foreign policy goals for 1988, as they relate to three areas vital to American interests. On many issues, utopians would suggest a different direction, but the experience of recent years suggests that realism is the path to progress.

### U.S.-Soviet Relations

A half dozen years ago, it was suggested that Americans embrace a unilateral freeze on nuclear weapons. Where would the prospects for peace and arms reduction stand today had we followed that imprudent counsel?

• Would the INF [Intermediate-Range Nuclear Forces] Treaty—signed in December by President Reagan and General Secretary Gorbachev—be before the U.S. Senate awaiting ratification?

• Would we currently be entertaining hopes of a satisfactory conclusion to the strategic arms reduction talks?

• Would there have been progress on the other elements of the President's four-part agenda for U.S.-Soviet relations?

• Would we have had a first summit? Would we be anticipating a second summit later this year?

In fact, we have concluded an INF Treaty that eliminates an entire class of U.S. and Soviet weapons and requires unprecedented verification measures. What's more, if the Soviets are prepared to match our efforts, a verifiable agreement leading to a dramatic 50% reduction in strategic nuclear weapons will be possible this year.

But a realistic policy cannot stop there. We must, and we will, strive for additional progress in arms control. And we will be directed in these efforts by the needs of European defense and NATO's agreed priorities.

• We must eliminate the disparities in conventional weapons in Europe.

• And we must achieve a truly verifiable ban on chemical weapons.

Nor, indeed, will we stop at arms control. We will continue to pursue vigorously human rights issues with the Soviets, both as they relate to individual cases and to principles such as those enshrined in the Helsinki Final Act and other international human rights instruments.

• We will do so because it is right.

• We will do so because all nations must take treaty obligations seriously.

• We will do so because the historical record is clear: governments that do not respect the rights of their own citizens will respect neither their international obligations nor the civilized norms of the world community.

### Spread of Democracy in Central America

A second concern of our foreign policy in 1988, as in previous years, is the spread of democracy in Central America. Ten years ago, Costa Rica was the region's only civilian-led democracy. Today the military dictators who held power in Guatemala, El Salvador, and Honduras have been replaced by civilian presidents chosen in competitive, free elections.

Nicaragua is the odd man out. It has been a sad story. For the last 8 years, its leaders have monopolized the government by skillfully combining brute force, cunning, and a genius for propaganda.

In Nicaragua, as so often in American foreign policy, we must choose between the path of realism—a difficult trek that will lead ultimately to a free and democratic Nicaragua—and the path of utopian wishfulness. Had the United States in recent years not taken the realistic path—combining diplomatic persistence and military strength—and stuck to it, the Guatemala accord would never have been possible. Yet, following the Guatemala accord, in one of those mistaken gestures of which Professor Morgenthau wrote—the kind that begin in good intention and end in calamity—the House of Representatives voted to withdraw our support of the Nicaraguan resistance.

Immediately, Daniel Ortega began to speak once again not of peace but of war. He vowed to exterminate the *contras* and is currently attempting to fulfill that pledge. Over the past 24 hours, the Sandinista army has invaded Honduras in considerable numbers in conjunction with its attack on Nicaraguan resistance forces in the area. We are consulting with the Honduran Government and will honor our commitments to assist Honduras in defending its national sovereignty and preserving its territorial integrity. The Administration has a longstanding commitment to those fighting for freedom in their native Nicaragua.

Will the U.S. Congress regain its sure footing? Will America continue its journey on the path of realism? Or will U.S. policy take a detour to fantasyland? On the answers to those questions hangs the fate of freedom in Nicaragua and the fragile democracies that are its neighbors.

### Conflicts in the Middle East

In the Middle East, two longstanding conflicts have caught the attention of the world. There, as elsewhere, we have applied the mutually reinforcing strengths of military power and diplomatic persistence.

In the strategic area of the Pers Gulf, we were faced last year—as a sult of the Iran-Iraq war—with an i pending disruption of oil supplies, interference with neutral shipping, a a potential buildup of Soviet influen in a region essential to the United States and the West.

Many people counseled that we nothing; a few suggested direct mili intervention. We chose a middle—a I believe, realistic—course. We initi a policy that was limited, yet bold a firm. By reflagging tankers and pla them under U.S. Navy protection, have guarded U.S. and allied intere and encouraged other Western gove ments to follow our lead. We affirm to Arab governments that we are hearty and reliable allies, even as w discouraged Soviet adventurism. Th gulf is another area where our polic have worked successfully.

The turmoil in the West Bank a Gaza demonstrate that the *status q* no one's ally. Secretary Shultz's rece visits to the Middle East—for consu tions with [Israeli] Prime Minister Shamir, [Israeli] Foreign Minister Peres, [Jordanian] King Hussein, [Egyptian] President Mubarak, and [Syrian] President Assad—demonst our commitment to moving the peac process forward.

As President Reagan noted yes day, "Peace will not be imposed by or by anyone else. It will and must come from the genuine give-and-tak negotiations. That's what we're wor to set in motion now." We believe th parties to the Arab-Israeli conflict more likely to agree to negotiate if there is agreement in principle both the negotiating process and on gene principles regarding the substance what will be negotiated.

Secretary Shultz's proposal envisages negotiations in two phases. first phase would negotiate transiti arrangements to bring about signifi changes in political conditions in the West Bank and Gaza. The second ph would begin on a date certain and h as its purpose the achievement of a nal settlement based on UN Securit Council Resolutions 242 and 338 in their parts. We picture these negoti tions proceeding on a fast track. We would hope that negotiations on tra tional arrangements could begin aro May 1, and that final status negotia tions could begin around December

As you know, Prime Minister Shamir arrived in Washington on M day. He has met with the President,

Secretary of State, and congressional leaders. Discussions have been candid, frank, and constructive. We know that our initiative is not easy for them or, indeed, for any of the parties to accept. It is designed to meet many and various concerns. We think it is a very sound approach, and we are asking our friends to respond positively and with a sense of urgency.

**Foreign Affairs Budget**

Because this is a special audience, I will ask your indulgence to "talk shop" for a minute regarding a matter critical to America's ability to execute a coherent, effective foreign policy. As many of you know, America's foreign affairs budget constitutes a mere 1.5% of total Federal spending. Our budget is a painfully thin and rigid creature.

Now, in a perfect world every department of government would have all the funds it might hope for, although that would hardly be a perfect world for the taxpayer. In a perfect world, every Congressman would have three subcommittees, and every inventive staff proposal would become a useful law. In a perfect world, the wish would be father to the act. There would be no need of executive discretion, for there would be no need of management, much less decisiveness.

But we live in a world of budgets and restraints; of crises that require action; and of conditions that require flexibility, discretion, and authority. In such a world—the real world in which U.S. foreign policy must operate—to combine skin-tight budgets with the restricted flexibility that results from Congress' penchant for excessively earmarking funds is ill-advised indeed.

The multitude of amendments that affect State Department operations have become major hindrances. Congress' "micromanagement" of America's foreign policy budget must stop. At stake is the ability of the U.S. Government to formulate and execute coherent foreign policy.

I am reminded that brevity is the soul of wit and, more important, the chief virtue in a dinner speaker. Thus it is time to close. Besides, I just remembered the story about the general who talked so long that he gave new meaning to the phrase "the Army and Navy forever."

I would leave you with this thought. In 1770, troops of His Majesty's Government of England were put on trial for their lives in the colony of Massachusetts for the incident that came to be called "the Boston Massacre."

How much it speaks of the principles and decency of those who founded our republic that the frightened soldiers found their champion in none other than John Adams. What did the young American defense attorney tell the jury? He told them this: "Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passions, they cannot alter the state of facts and evidence."

The American experiment began in principled realism. By policies principled and realistic, it is, and shall be, sustained. ■

# U.S. Responds to Iranian-Placed Mines in Persian Gulf

**WHITE HOUSE STATEMENT, APR. 18, 1988[1]**

Acting under his authority as Commander in Chief, the President has directed U.S. forces at 1:00 a.m. Eastern Daylight Time today to strike Iranian military targets in the southern Persian Gulf.

Our forces attacked oil platforms at Sirri and Sassan in the southern gulf. These platforms are used as command and control radar stations for the Iranian military. The attacks are underway at this time.

These actions were taken in response to Iran's recent resumption of mine-laying in international waters and its mine attack on the U.S.S. *Samuel B. Roberts*. The Government of Iran has been repeatedly warned about the consequences of such hostile acts.

Our actions were taken following consultations with the congressional leadership and after informing friendly governments. They are designed and intended to deter further Iranian mining. They represent a measured response to Iran's unlawful use of force against the United States and to Iran's numerous violations of the rights of other nonbelligerents. And they constitute a lawful exercise of the U.S. inherent right of self-defense, under Article 51 of the UN Charter. Appropriate notification of such actions is being provided to the President of the UN Security Council.

We have repeatedly told Iran that we do not desire military confrontation. But the Government of Iran should understand that we will protect our ships and our interests against unprovoked attacks. We urgently seek an end to tensions in the region and to the Iran-Iraq war. This would benefit the people of both nations who have suffered so much from the brutal conflict. We urge Iran to accept Security Council Resolution 598 and to agree to its rapid and comprehensive implementation. Iran has nothing to gain from continuation of the war. The Department of Defense will brief later this morning as we have more details come in. We are receiving details on a continuing basis at this time.

**U.S. LETTER TO THE UN SECURITY COUNCIL, APR. 18, 1988[2]**

As I informed you earlier this morning, in accordance with Article 51 of the Charter of the United Nations, I wish, on behalf of my government, to report that United States forces have exercised their inherent right of self-defense under international law by taking defensive action in response to an attack by the Islamic Republic of Iran against a United States naval vessel in international waters of the Persian Gulf. The actions taken are necessary and are proportionate to the threat posed by such hostile Iranian actions.

At approximately 10:10 EDT on April 14, the USS *Samuel B. Roberts* was struck by a mine approximately 60 miles east of Bahrain, in international waters. Ten U.S. sailors were injured, one seriously, and the ship was damaged. The mine which struck the *Roberts* was one of at least four mines laid in this area. We have subsequently identified the mines by type, and we have conclusive evidence that these mines were manufactured recently in Iran. The mines were laid in shipping lanes

known by Iran to be used by U.S. vessels, and intended by them to damage or sink such vessels. This is but the latest in a series of offensive attacks and provocations Iranian naval forces have taken against neutral shipping in the international waters of the Persian Gulf.

Through diplomatic channels, we have informed the Government of the Islamic Republic of Iran on four separate occasions, most recently October 19, 1987, that the United States would not accept Iran's minelaying in international waters or in the waters of neutral states. In October, my government indicated that the United States did not seek military confrontation with Iran, but that it would be prepared to take appropriate defensive measures against such hostile action.

Starting at approximately 0100 (EDT) April 18, U.S. forces attacked military targets in the Persian Gulf, which have been used for attacks against non-belligerent shipping in international waterways of the gulf.

The U.S. actions have been against legitimate military targets. All feasible measures have been taken to minimize the risk of civilian damage or casualties.

It remains the policy of my government not to seek a military confrontation with Iran or a widening of the conflict in the area.

I ask that you circulate the text of this letter as a document of the Security Council.

VERNON A. WALTERS

## PRESIDENT'S REMARKS (EXCERPTS), APR. 18, 1988[3]

Earlier today our Navy made a measured response to Iran's latest use of military force against U.S. ships in international waters, as well as its continued military and terrorist attacks against a number of nonbelligerents. Following the destruction of the two Iranian military platforms, whose personnel evacuated after our warning, several Iran naval vessels and small boats attempted to engage our ships and aircraft. Three Iranian naval vessels and at least two small boats were sunk or very severely damaged.

We have taken this action to make certain the Iranians have no illusions about the cost of irresponsible behavior. We aim to deter further Iranian aggression, not provoke it. They must know that we will protect our ships, and if they threaten us, they will pay a price. A more normal relationship with Iran is desirable, and we are prepared for it. But such a relationship is not possible so long as Iran attacks neutral ships, threatens its neighbors, supports terrorism, and refuses to end the bloody war with Iraq.

## U.S. MESSAGE TO IRAN, APR. 18, 1988[4]

The Government of the Islamic Republic of Iran has repeatedly been warned of the consequences of placing mines in the international waters of the Persian Gulf in violation of international law. In its message of October 9, 1987, to the Government of the Islamic Republic of Iran, through the good offices of the Government of Switzerland, the United States said that, "The Government of the Islamic Republic of Iran should take note that such hostile actions will be defended against in the future by U.S. forces just as in the recent past." The United States said the same thing on October 19: "We cannot accept Iran's mine-laying in international waters or in the waters of neutral states."

Despite these and other warnings, and the fact that U.S. forces in the Persian Gulf have not threatened Iranian forces, the Government of the Islamic Republic of Iran has persisted in this illegal and wreckless conduct, causing injury to U.S. Navy personnel and damage to a U.S. Navy ship—the USS *Samuel B. Roberts*—on April 14, 1988. The United States forces have now exercised their right of self-defense.

The extreme seriousness with which the Government of the United States views such unacceptable activity by Iranian vessels should be understood by the Government of the Islamic Republic of Iran. Any further provocation or hostile Iranian military or terrorist actions against U.S. personnel or targets will receive a firm U.S. response.

## LETTER TO THE CONGRESS, APR. 19, 1987[4]

On April 14, 1988, the USS *Samuel B. Roberts* struck a mine in international waters of the Persian Gulf. Lookouts on the *Roberts* had spotted three mines lying perpendicular to the ship's course and about 700 yards away. The *Roberts* struck a mine set deeper than the others and not visible from the ship. Ten servicemen were injured. The detonation caused a nine-foot hole in the ship's hull near the main engine room, below the water line; a split in the ship's bulkhead between the main engine room and an auxiliary machinery room; and a fire. The *Roberts* is now safely in a repair facility.

An examination of the mines remaini in the water established that they were M–08 mines, the same type Iran was caught placing in the water from the Ira *Ajr* on September 21, 1987. They had bee freshly laid in an area transited by U.S. convoys. No barnacles or marine growth were on the mines. Most important, the mines bore markings of the same type ar series as on those laid by the Iran *Ajr*. No doubt exists that Iran laid these min for the specific purpose of damaging or sinking U.S. or other non-belligerent ships. We have warned Iran repeatedly against such hostile acts.

In response to this attack on the *Roberts* and commencing at approximate 1:00 a.m. (EDT), April 18, 1988, Armed Forces of the United States assigned to the Joint Task Force Middle East, after warning Iranian personnel and providing an opportunity to escape, attacked and e fectively neutralized the Sassan and Sirr Platforms, which have been used to support unlawful Iranian attacks on non-belligerent shipping. While these events were taking place, an Iranian helicopter and small boats attacked an oil rig and t U.S.-flag vessel *Willi Tide* in the Mubar oil field. In response, U.S. A–6 aircraft attacked three Iranian Boghammer smal boats, sinking at least one.

Subsequently, U.S. Forces were attacked by the Iranian PTG *Joshan*, FFG *Sahand*, and FFG *Sabalan*. In response to these attacks, U.S. Forces severely damaged or sank the Iranian vessels. Ir nian F–4 fighters also approached the U *Simpson* and the USS *Wainwright* in a threatening manner; the *Simpson* and *Wainwright* fired at the aircraft, causing their retreat.

Search and rescue efforts were unde taken to locate a missing AH–1 Cobra helicopter from the *Wainwright*. The helicopter had two men on board. As of 7:00 a.m. (EDT) today, the search and re cue efforts were continuing.

These necessary and proportionate a tions by U.S. Armed Forces were taken my specific direction in the exercise of o inherent right of self-defense, recognize in Article 51 of the United Nations Char ter, and pursuant to my constitutional authority with respect to the conduct of foreign relations and as Commander in Chief. We have completed these self-defense actions and consider the matter closed.

Since March 1987, I and members of my Administration have provided to Con gress letters, reports, briefings, and tes mony in connection with developments ir the Persian Gulf and the activities of U.S Armed Forces in the region. In accordan with my desire that Congress be kept ful informed on this matter, I am providing this report consistent with the War Powe Resolution. I look forward to cooperatin with Congress in pursuit of our mutual,

riding aim of peace and stability in the sian Gulf region. In this connection, I rd the continued presence of U.S. ed Forces to be essential to evement of that aim. Our Forces ain prepared to take any additional on necessary to protect themselves, -flag vessels, and U.S. lives.

Sincerely,

RONALD REAGAN

[1]Text from Weekly Compilation of sidential Documents of Apr. 25, 1988.

[2]Addressed to the President of the UN Security Council.

[3]Made during a meeting with the Associated General Contractors of America at the White House (text from Weekly Compilation of Presidential Documents of Apr. 25).

[4]Sent through the Government of Switzerland, the U.S. protecting power.

[5]Identical letters to Jim Wright, Speaker of the House of Representatives, and John C. Stennis, President *pro tempore* of the Senate (text from Weekly Compilation of Presidential Documents of Apr. 25). ■

# n American Vision of Peace it the Middle East

*by Richard W. Murphy*

*Address before the Washington Institute on Near East Policy on April 18 1988. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.*

I ant to express my appreciation for tl invitation to join you here today. I pleased to have the opportunity to sl re some of my thoughts with this d inguished gathering.

"Breakthrough," that word beloved b the media, is one, regrettably, we rely have the chance or nerve to use in lescribing the state of the Middle Est peace process. "Maintaining momntum" and "continuing efforts" are b h more modest and more realistic tms to describe our progress. But wat is clear is the pressing need to wk harder on behalf of peace. Seldom h that need been quite so evident.

The news from the Middle East ays seems to be overflowing with h rror stories—stories of a cycle of v lence that constantly intensifies and sems never to end. The news is contin-u ly filled with word of the latest acts o terrorism, the reprisals, and coun-treprisals; the hijackings; and the caths. It is difficult not to become in-ed to the situation. It is sometimes rd to imagine that things could get rse. As news has trickled in over the st several days, however, it seems the lence is moving to a still more terri-e level with the worst rioting in the rritories in decades and brutal casu-ies on both sides, while, nearby, a jacking involving murders of innocent vilians continues on its bloody course.

The human dimension of tragedy in the region is stark. We see loved ones lost and families torn apart. We see the young and innocent on all sides corrupted by the experience of violence, turning to more violence. We see the growth of hate. We see the specter of rising extremism—again on all sides—which can dampen and threaten to extinguish any prospects for progress. We see our friends in the region drawn further into the politics of despair.

But none of us can afford to give in to despair. The mounting tragedies in the Middle East can only serve to heighten the urgency of the search for a political solution. Nobody is naive enough to believe that a solution will be quick or can be easy. Still, our determination cannot flag. The vision of peace is broadly shared. Thus far, its price has not been agreed. But we must remember always that solutions are possible. States in this volatile region have made peace before, and, given the will, they can do so again.

Amid all the bad news from the Middle East, we sometimes lose sight of the positive signs. And there are positive signs. I could talk about the Egyptian-Israeli peace—which endures and has grown despite the strains—or about Egypt's return as a leader in the Arab fold while the peace remains intact or about the trend among the small and moderate gulf Arab states to work together and defend themselves against an expansionist menace from outside.

But there is another positive trend I want to focus on this afternoon. That trend is a growing realization among many key regional leaders—both in Israel and among its neighbors—that the time has come to work more actively for an alternative to the mounting violence. More and more leaders have come to recognize that the Arab-Israeli conflict, including the Palestinian problem, is best solved through peaceful means—through negotiations. They recognize, too, that there is no time to lose. It is this trend that led to the latest peace initiative by the United States. We received pleas from around the region that the time is right, that minds are open, and that the United States must become engaged. Leaders in Israel and in key Arab states called on us to spur movement.

What we have done in response is to create an opportunity for progress. Through many exchanges with regional leaders, including three visits to the Middle East by Secretary Shultz in as many months, we have been able to structure a package that we are convinced can lead quickly to negotiations. While the package can't be expected to meet all of any one party's concerns, it does contain important elements to everyone's benefit. The package is balanced and workable. The details of any peace settlement will have to be worked out in direct negotiations, but a framework is now available—and this Administration is committed to it. Moreover, the package is the only game in town when it comes to reaching negotiations. With this in mind, it is time for all the leaders in the region to focus more clearly on the achievable. It is time for them to set aside outdated rhetoric and illusions. It is time for them to seize this opportunity.

I'd like to say a few words about the proposal on which we've been working, to make sure there is no misunderstanding about what it is and what it is not. Our goal is a comprehensive peace providing for the security of all states in the region and for the legitimate rights of the Palestinian people. The proposal includes:

- Early negotiations between Israel and each of its neighbors willing to do so. The door is specifically open for Syrian participation.
- Each of the bilateral negotiations will be based on UN Security Council Resolutions 242 and 338 in all their parts.
- The parties to each bilateral negotiation will determine the procedure and agenda of the negotiation.
- There will be negotiations between an Israeli and a Jordanian/Palestinian delegation on arrangements

for a transitional period for the West Bank and Gaza. The objective is to complete these talks within 6 months.

• Final status negotiations would begin on a date certain 7 months after the start of transitional talks. The objective would be to complete them within a year.

This "interlock" between interim and final status discussions is designed to meet the basic concerns of all parties on the nature of the negotiations. It would satisfy those who wish to concentrate first on a transitional period, while at the same time assuring those most interested in final status that their concerns will be addressed at an early date certain.

Moreover, the relationship between the two sets of negotiations should contribute to the success of both. Knowledge that final status talks are impending should facilitate serious consideration of transitional issues. Similarly, the successful completion of a transitional agreement should create a good atmosphere for discussing a final settlement.

• Under the initiative, the UN Secretary General will be asked to issue invitations to an international conference to be held 2 weeks before the opening of negotiations.

• The permanent members of the UN Security Council and the parties involved in the conflict will be invited.

• Palestinian representation will be within a Jordanian/Palestinian delegation.

• This proposal is an integral whole; no single part can be removed or significantly changed.

The proposal specifically does not contain the kind of authoritative international conference that would in any way threaten the parties participating. What we are talking about is a properly structured international conference with a carefully designed and limited role. The conference will not be permitted to impose solutions or veto agreements reached in the bilateral negotiations. The conference cannot be a substitute for direct negotiations. But the reality is that there can be no direct negotiations without an international conference. What we are trying to do is to structure the right kind of conference—one which no party need fear. It is inconceivable that if we are able to work out acceptable modalities, Israel would forego negotiations with its neighbors simply because the negotiations were preceded by a conference it preferred to do without. On the Arab side as well, the parties should look at the package as a whole, its overall advantages, and its goal of a comprehensive peace.

I will be leaving for Moscow tomorrow with Secretary Shultz. One of the things the Secretary will be exploring with Foreign Minister Shevardnadze is whether the Soviets are prepared to play a constructive role in a workable process like the one we are proposing.

The proposal we are pursuing does not dictate to the parties what the outcome of the bilateral negotiations will be. Finally, the proposal does not force any of our Middle Eastern friends into substantive concessions.

The proposal does, however, establish clear parameters for negotiations and peace. The basis will be Resolution 242, which has been accepted by every government of Israel since 1967 and which is also accepted by all of Israel's Arab neighbors. One of the central principles of 242 is that the Arab-Israeli conflict should be resolved through negotiations involving an exchange of territory for peace. It is the U.S. position that—in exchange for real peace and security—the withdrawal provision of 242, along with all the other provisions, applies to all fronts.

The proposal also provides a practical approach for dealing with the problem of Palestinian representation. Everyone agrees that the Palestinians must be represented at every stage of the negotiating process. Everyone agrees that a settlement must address their legitimate rights—in the same way that it must address the legitimate rights of the other negotiating parties. Who represents the Palestinians is something the Arabs need to deal with in the first instance, bearing in mind two common sense criteria: those who come to negotiate must be people of good will who are interested in peace and that people not be selected whose presence at the table would drive away the representatives of another party.

Over the past several weeks, we have been proceeding on the basis of these ideas and principles. On the Se retary's most recent travels, he was ceived in a positive spirit by each of leaders with whom he met. Even th who had the most difficulties with as pects of the proposal provided seriou comments. Without exception, all th leaders with whom the Secretary me asked him to continue his efforts.

I certainly would not want to mi mize the problems still before us. We are dealing with problems which hav plagued the area for decades, even f generations. Deepseated differences among the parties remain. Leaders have expressed reservations and pos questions. There are no easy answer

But there is reason for encourag ment. After several rounds with regional leaders, the proposal remains intact. The parties are engaged. We have entered a new stage in which w will work to elaborate additional ope tional details on how to move forwar We will work with all those willing t engage with us on the proposal in it entirety. We are determined to conti our efforts.

The United States has a real sta in peace in the Middle East; of cours our friends in the region have an ev larger one. It is vital to all of us to keep the prospects of hope and peac alive and to nurture those prospects For it is only in peace that the peopl of the region will find true security.

Progress will require good will, termination, and effort from those w have been enemies for generations. will also require solid support from American people, for we cannot exp parties in the regions to rally to an American initiative that does not en clear support at home. We are heart ened by the degree of solid bipartisa support our effort has received from across the American political spectr

In closing, let me reiterate my b lief that a serious opportunity for a advance toward peace is at hand. We have made some progress; we look fo ward to more. We must not let this chance slip away. We will persist in efforts. And I hope we will be able t count on your continuing support as we do. ■

# sit of Israeli Prime Minister

*Prime Minister Yitzhak Shamir of State of Israel made an official rking visit to Washington, D.C., rch 14–17, 1988, to meet with Presit Reagan and other government cials.*

*Following are remarks made by sident Reagan and Prime Minister mir after their meeting on rch 16.*[1]

### sident Reagan

been a pleasure to meet with Prime nister Shamir again and to have this portunity to review with him the portant issue of peace in the Middle st. We have a unique relationship h Israel, a relationship of trust, endship, and shared ideals. I think can be proud of the achievements t we've made over the last 7 years in ing more substance and dimension to strong ties between Israel and the ited States. In the remainder of term, we'll continue to work to engthen those ties.

The main topic of our discussion toy was the search for peace in the ddle East. We've seen a new sense of gency on the part of many in the gion and a wide recognition of the ality that the *status quo* is unacceptle. Our efforts have been geared tord trying to find a reasonable and actical way to make real progress—ogress that will assure the security of rael and its neighbors and achieve the gitimate rights of the Palestinians.

The present situation is a challenge d an opportunity to move decisively break the deadlock that has lasted r too long. I hope we will not lose is opportunity. Today Prime Minister amir and I discussed the proposal for oving forward rapidly to peace negoations, which Secretary Shultz left ith Israel, Jordan, and Syria during s recent visit. We believe this proosal offers a realistic and achievable ay to change the relationship between rael and the Arabs. It's a concrete emonstration of my commitment to nding a solution to the Arab-Israeli onflict through a negotiating process hat would begin soon. As I told Prime Minister Shamir, the United States is repared to be an active partner in this rocess, and we hope that all the parties involved will seize this opportunity.

So, let's be clear about several things. The United States will not slice this initiative apart and will not abandon it. And those who will say no to the U.S. plan—and the Prime Minister has not used this word—need not answer to us; they'll need to answer to themselves and their people as to why they turned down a realistic and sensible plan to achieve negotiations. This is a time for all the parties to the conflict to make decisions for peace.

Prime Minister Shamir and I also reviewed our countries' robust and vital bilateral relationship. As you know, Israel has been designated one of our major non-NATO allies and friends, and we have developed a solid basis of strategic cooperation between our two countries. Strategic cooperation is a symbol of our converging needs and our mutual commitment to ensuring that no wedge will ever be driven between us. I want to add that Prime Minister Shamir and I both remain very concerned about the many thousands of Jews that remain in the Soviet Union and yearn to emigrate or fully express their Jewish identity. The plight of Soviet Jewry shall remain at the top of my agenda in my discussions with [General] Secretary Gorbachev.

As I bid farewell to Prime Minister Shamir, I wish him and the people of Israel a happy 40th anniversary. Our prayer is that this anniversary will mark the beginning of the era of peace and accommodation in the Middle East.

### Prime Minister Shamir

This visit to Washington has given me an opportunity to meet again with President Reagan, Secretary of State Shultz, Secretary of Defense Carlucci, and Secretary of the Treasury Baker. My colleagues and I have also met with congressional leaders and other friends in the Congress, in the Administration, and in the general public.

I am indebted to the President for this kind invitation. It affords me the opportunity to discuss matters of common concern and to deepen the friendship and understanding between our two countries. In the talks with the

## U.S., Israel Formalize and Extend Consultative Groups

WHITE HOUSE STATEMENT, APR. 21, 1988[1]

Today, on the 40th anniversary of Israel's independence, the United States and Israel have signed a memorandum of agreement. This memorandum of agreement formalizes and perpetuates the bilateral U.S. and Israeli consultative groups that meet periodically to discuss joint military, security assistance, and economic development questions.

The memorandum of agreement reiterates for the public record our longstanding relationship of strategic cooperation with Israel. Strategic cooperation can only succeed when there are shared interests, including the commitment to building peace and stability in the region.

It reflects the enduring U.S. commitment to Israel's security. That commitment will never flag. The U.S. commitment to peace will also not flag. The President knows that a strong Israel is necessary if peace is to be possible. He also knows that Israel can never be truly secure without peace.

To that end, the President has asked Secretary of State Shultz to continue his peacemaking efforts, seeking a comprehensive settlement which will assure Israeli security and provide for the legitimate rights of the Palestinian people. The President remains convinced that our peace initiative is balanced and offers the only realistic basis on which to make progress.

The President reiterates his appeal to the leaders in the region not to miss this opportunity to move ahead and get to productive peace negotiations. This is an objective that Israel has fervently sought over the last 40 years.

[1]Text from White House press release ■

President and with Secretary Shultz, we reviewed the state of U.S.-Israel relations and the efforts to advance peace in the Middle East. Mr. President, we have always been in complete agreement with the principle of negotiating from a position of strength for which you have always stood. We have stepped up efforts to seek a framework for conducting direct peace negotiations between Israel and those of its Arab neighbors that we hope will join us in the quest for peace.

Israel has welcomed the American involvement and the Secretary's efforts in this search. We have confidence in the American role because we share the same goal of peace with security for all the countries in the Middle East. I have strong reservations concerning the proposed international conference which, in my view, is not conducive to peace. Some months ago I accepted a proposal by Secretary Shultz to launch direct negotiations with the blessing of the U.S.-Soviet summit in order to grant international legitimacy for the negotiations for those states desiring it. Unfortunately, it was rejected. Nevertheless, I shall be ready to consider a similar proposal. Israel firmly believes that those who are prepared to live with each other in peace must learn to negotiate directly with each other. We remain committed to the Camp David accords, which have provided a workable agreed framework for peace between Israel and each of its Arab neighbors.

These are difficult times for Israel. We shall overcome them in the best possible way consonant with our tradition and our eagerness to prevent the loss of lives. On the eve of Israel's 40th anniversary, the people and Government of Israel are united in hailing the deep friendship and the close cooperation between our two countries. This friendship has reached unprecedented levels under your leadership. We have established a strategic cooperation agreement between Israel and the United States, a free trade area agreement between our two countries, and the designation of Israel as a major non-NATO ally of the United States. We are confident that a solid foundation of friendship between Israel and the United States will remain unshaken in spite of occasional differences of opinion that may arise.

I am sure I speak for all the people of Israel and for peace-loving persons everywhere when I express our gratitude for your untiring efforts to reduce tensions in the world and to bring peace to our wartorn region. We will continue to do our utmost to cooperate in the search for peace. I return to Jerusalem confident that with the friendship and understanding of the U.S. Government and its people, we shall succeed.

[1]Made in the East Room at the White House (text from Weekly Compilation of Presidential Documents of Mar. 21, 1988).

# FY 1989 Assistance Proposals for the Middle East and North Africa

*by Richard W. Murphy*

*Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on March 24, 1988. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.*[1]

I appreciate the opportunity to testify in support of the Administration's proposals for security and economic assistance to the Middle East and North Africa in fiscal year (FY) 1989. The United States has, for many years, devoted considerable resources to this important region. I believe this has been a major reason for the success of our policies in the Middle East and gives us a strong foundation to build on as we address new challenges.

### An Important, Dynamic Region

This vast region—stretching from the Strait of Gibraltar through the Mediterranean and the Persian Gulf to Southwest Asia—is of vital importance to the United States. It is the hub of strategic sea, land, and air routes bordering Europe, Asia, and Africa. It is the site of most of the world's oil reserves. And it is a region of tremendous change. Most countries in the region became independent states only after World War II, some as recently as the 1960s. All are engaged in rapid economic and social transformations.

It is also a region of conflict. The Soviet Union's invasion of Afghanistan and attempts to expand its influence through proxies and support for radical forces have increased tensions and made the Middle East an area of superpower confrontation. The Iran-Iraq war has raged for over 7 years, and Iran continues threats against other states in the region. The Arab-Israeli conflic which erupted into war four times sin 1948, remains a fundamental source of tension.

### A Record of Success

The Middle East is a region in which United States is and must be fully engaged. And it has called forth some of our most important political, economi and humanitarian efforts. I believe America can take pride in the record its achievements in the region. In all them, U.S. security and economic assistance has played an essential role.

- In Afghanistan, we have renewe hope that the year will see the complete withdrawal of Soviet troops so that the Afghan people will once more be free to determine their destiny.
- It is now almost 10 years since the Camp David accords, and Israel and Egypt remain strongly committed to peace.
- We have launched a major new peace initiative in the Middle East designed to bring about a comprehensive settlement of the Arab-Israeli conflict through direct negotiations.
- We are also at the forefront of international efforts to bring an end t the Iran-Iraq war via UN Security Council Resolution 598 and a followup resolution calling for enforcement measures.
- In the Persian Gulf, the presenc of U.S. and allied naval forces has deterred Iranian military threats to gulf states, assured the flow of oil through the Strait of Hormuz, and limited Soviet attempts to expand its influence.
- We are helping our friends in th region meet threats to their security and independence and provide a bette economic future for their people.

We are actively engaged across a wide front in achieving goals which we and our friends in the region believe are vital. We could not do it without strong bipartisan support for these policies. And we could not do it without the strong security and economic assistance programs which the American people have supported to help us reach these goals.

### Afghanistan and Pakistan

Before I take a closer look at our programs in the Middle East and North Africa, I wish to say a few words about Afghanistan and Pakistan because they are clear examples of how effective, and how vital, our assistance programs are.

For 8 years the world has demanded an end to the Soviet occupation of Afghanistan. The courage and determination of the Afghan people may bring that about soon. We have strongly opposed the Soviet occupation, and, in conjunction with our diplomatic efforts, we have provided humanitarian assistance to improve the ability of Afghans to sustain themselves in Afghanistan and resist Soviet attempts to drive them from the countryside. For FY 1989, we are proposing $45 million for this program. We believe this program can also play a role in any interim period following a negotiated settlement or become part of a broader international effort to assist in repatriation of Afghan refugees and reconstruction of Afghanistan.

Let me also say a few words about Pakistan. Despite Afghan military attacks on Pakistan's border, Soviet-supported Afghan terrorist campaigns within Pakistan, and the enormous cost of supporting over 3 million Afghan refugees, Pakistan has stood by the Afghan resistance. It has been a key partner of the United States in preventing expansion of Soviet influence in the region. And it has borne these heavy burdens despite the fact that it is a poor country with a per capita income of only $380.

Our FY 1989 request of $240.9 million in military assistance—Foreign Military Sales (FMS) and International Military Education and Training (IMET)—and $300 million in economic assistance—$250 million in Economic Support Funds (ESF); $50 million in development assistance—for Pakistan is especially critical as we enter the crucial period during which we hope to see the Soviets begin to withdraw from Afghanistan. The threats to Pakistan's security, and the economic challenges it faces, are great. Full funding of the FY 1989 request for Pakistan must be among the highest priorities of our entire worldwide assistance effort.

### U.S. Middle East Peace Initiative

Turning to the Middle East, let me begin by giving you an update on our new initiative since Secretary Shultz briefed you on March 10th. We remain convinced that we are at a time of critical decisions and are continuing our efforts to achieve major progress toward a settlement in the Middle East.

As you know, the United States has been engaged in intensive efforts with the parties to the conflict. The Secretary of State and I met with the leaders of Israel, Jordan, Egypt, and Syria. President Reagan and the Secretary met last week with Prime Minister Shamir. We have consulted closely with our European allies. I also met with the Soviet Foreign Minister, and the Middle East has been a topic of his discussions here this week.

What has emerged from these discussions?

- First, encouragement from the parties involved to continue and expand our efforts;
- Second, a new sense of realism and a willingness to consider new ideas by leaders in the region;
- Third, strong support from the American public and the Congress for U.S. leadership on this issue;
- All of which led us to the fourth major development—an ambitious but realistic U.S. proposal for moving toward direct negotiations.

Our objective is direct negotiations leading to a comprehensive peace that provides for the security of all states in the region and achievement of the legitimate rights of the Palestinian people. It would be accomplished through bilateral negotiations between Israel and each of its neighbors, based upon all provisions and principles of UN Security Council Resolutions 242 and 338. In addition to negotiations between Israel and a Jordanian-Palestinian delegation, our initiative envisages that there would also be negotiations with Syria and Lebanon. Each negotiation would be based on UN Security Council Resolutions 242 and 338 in all their parts.

With regard to the West Bank and Gaza, our approach proposes negotiations for 6 months on interim arrangements, firmly linked with an early date certain for the start of negotiations on a final settlement. The negotiations would be initiated by a properly structured international conference, which would be open to permanent members of the UN Security Council and to parties to the conflict who accept Resolutions 242 and 338 and who renounce terrorism and violence. The conference, in a manner to be agreed, could receive reports of the negotiations but not impose solutions or veto agreements reached between the parties.

The Secretary has made clear that the United States will not permit the conference to become authoritative or plenipotentiary or to exceed its jurisdiction as agreed to by the parties. The United States opposes and will not participate in an international conference designed to replace bilateral negotiations.

The proposal we left with the parties is an integrated whole, carefully balanced to take the concerns of all into account. It will not work if the parties accept some portions and reject others. As President Reagan said, "The United States will not slice this initiative apart and will not abandon it."

We hope bilateral negotiations can begin on May 1. We have asked the leaders to whom we gave our proposal to give us their responses soon. Each has agreed to study our ideas carefully.

We recognize that for the process to move forward the parties must make difficult and painful decisions. But this is a crucial opportunity that is unlikely to arise again soon. We also believe all parties recognize that continuation of the *status quo* can only lead to a downward spiral of increased tensions and potential confrontation.

### Assistance Programs to the Middle East

I would like to now turn to our specific assistance proposals for FY 1989 in the Middle East and North Africa. Let me say that, overall, U.S. assistance to the region is more important than ever. Our friends need our support to reach goals we both share. And we should not forget the substantial efforts they are making on our behalf. Our assistance is also a signal to our friends and our adversaries that we will remain engaged.

Israel and Egypt took great risks for peace in 1979, and our support for these important friends remains the cornerstone of our assistance program in the region. Israel's continued security and well-being are fundamental

tenets of U.S. foreign policy. Our military aid, $1.8 billion in Foreign Military Sales credits, allows Israel to maintain the capability to defend itself against any potential combination of aggressors. Progress toward a peace settlement can only be made if the security and legitimacy of Israel are not in doubt.

Economic stability and growth are as important to Israel as a strong defense. As a result of far-reaching stabilization programs and special U.S. economic assistance in 1985 and 1986, Israel was able to reduce inflation levels from 445% in 1985 to 16% in 1987. Defense expenditures are a major burden on the economy, accounting for 18% of GNP [gross national product], and U.S. economic assistance helps Israel implement economic reforms while avoiding high unemployment. Our economic assistance of $1.2 billion provides balance-of-payments support which is important to Israel's economic stability and growth.

**Egypt** stands firmly behind the peace treaty with Israel and is a full and valued partner in U.S. Middle East peace efforts. President Mubarak strongly supports the current U.S. initiative. We also share similar strategic views with Egypt on a variety of issues, such as Libyan adventurism, the Soviet occupation of Afghanistan, and terrorist and extremist threats to the region. Most Arab states that severed ties with Egypt in 1979 recently restored full diplomatic relations, and Egypt is in a position to resume a more active role in the Arab world. Our $1.3 billion FMS program will be used to support modernization of Egypt's military forces and replace Soviet systems with U.S. equipment.

Egypt's economy is diversified, but it remains a poor country, with an average annual per capita income of only $600. Limited natural resources, scarcity of arable land, and a large and fast growing population are all obstacles to economic development. The Egyptian economy is sensitive to external shocks, such as the decline in oil prices since 1985 which cut worker remittances and tourism and placed pressure on the balance of payments. In May 1987, Egypt undertook a number of important reform measures and entered into a standby arrangement with the International Monetary Fund, which paved the way for debt rescheduling. Our $815 million in Economic Support Funds is important in alleviating some of the more serious political and social costs of economic reforms and promoting long-term growth.

**Jordan,** a key moderate, plays a pivotal role in the search for a negotiated settlement in the Middle East. King Hussein and other Jordanian leaders have repeatedly expressed their commitment to the goal of a comprehensive settlement, which they recognize can be reached via direct peace negotiations. Our military assistance of $48 million in FMS and $1.8 million in IMET in FY 1989 supports Jordan's important security ties with the United States, helps it resist potential Syrian pressure, and enhances its ability to combat terrorism.

Enhanced assistance levels are needed to bring Jordan's U.S.-origin materiel back to full readiness. Also, on the economic front, subsidies from gulf states and remittances of Jordanians working abroad have been cut because of lower oil prices. Nevertheless, Jordan is maintaining its efforts to improve the quality of life for Palestinians in the West Bank and Gaza through economic development; $7 million of our $18 million ESF proposal for Jordan in FY 1989 would be used in this effort.

The recent unrest in the **West Bank and Gaza** is a vivid reminder that we must pursue the peace process with utmost effort. Our efforts to foster an Israeli-Palestinian political accommodation must be accompanied by efforts to improve the social and economic conditions of the 1.4 million Palestinians who reside there. We have requested $7.5 million in ESF to fund private voluntary organization activities in rural development, irrigation, and health care.

We are also deeply concerned about the fate of **Lebanon.** Torn by years of civil war and the virtual collapse of central government authority, economic conditions are desperate. Production is half its 1974 level and inflation above 700%. The United States remains committed to a unified, independent Lebanon, free from external forces. We have been engaged in promoting the process of constitutional reform and national reconciliation and hope to see progress soon. The immediate goal of our $300,000 ESF program is to meet operational costs of relief and rehabilitation activities implemented by private voluntary organizations. We have also provided significant food assistance through our PL 480 Title II program, feeding 135,000 needy Lebanese families.

**Arabian Peninsula**

Let me also describe our two progran on the eastern side of the Arabian Pe insula—Oman and North Yemen.

In the Persian Gulf, the Iran-Ira war threatens the stability of the region. We have led the effort to obtain an early cease-fire and a negotiated e to the conflict under UN auspices. W are making a strong effort in the UN Security Council to get an enforceme resolution adopted.

We have also taken the initiative proposing immediate steps to prevent the war from expanding. This has be successful. Deterrence has worked.

Our reflagging of Kuwaiti oil tan ers and U.S. Navy escort operations are the most visible elements of this effort. We have also acted to prevent arms sales to Iran, which is the party opposing an end to the war, through Operation Staunch.

I believe now even those who we initially skeptical about our protectio regime will recognize that it has bee success. Our friends in the region ha been assured of American support ar they are making important contributions to regional defense and efforts end the Iran-Iraq war.

**Oman** has cooperated closely wit us in this effort. Our current operati in the gulf would be difficult, if not impossible, without Oman's assistanc Our military cooperation is based on our 1980 access agreement, the only one of its kind in the region, which p vides U.S. forces contingency access important bases and facilities and pe mits prepositioning of supplies. In th context of that agreement, we have tried to maintain a significant level o ESF to diversify Oman's economy an broaden our bilateral economic relations. Our proposal for FY 1989 is $1 million. The access agreement is due for review in 1990.

Moving to the south, **North Yem** is located at the eastern end of the R Sea and across from the Horn of Africa. It borders Marxist South Yeme which provides the Soviets access to naval and air facilities. South Yemen invaded North Yemen in 1979 and ha supported other insurgencies. In 198 a coup brought to power doctrinaire communists in South Yemen who hav advocated insurgency in the past. North Yemen is also one of the world poorer countries, with a per capita in come of only $550. Our proposed FY 1989 program of $3 million in military

stance and $21.5 million in develop- assistance to North Yemen con- tes to regional stability by iding an alternative to Soviet influ- and promoting economic elopment.

**h Africa**

an-supported subversion, regional tes, and current economic prob- highlight our concerns in North ca. **Morocco's** extensive coopera- with the United States includes visits and transit rights which fa- ite U.S. military operations in the ntic and Mediterranean and par- ation in numerous joint excercises. cco has also agreed to host Voice merica facilities and to serve as an nate landing site for the space tle. Morocco's respect for pluralism religious tolerance, advocacy of erate views within Islamic and Af- forums, and support for U.S. pol- on many important regional and national issues are also key factors ur excellent bilateral relationship. Hassan has played a positive role e search for peace in the Middle . In 1986, for example, in an at- t to bring about greater under- ding between the parties, he met Israeli Prime Minister Peres. Most ntly, he publicly urged the PLO estine Liberation Organization] cept UN Resolution 242.

We are proposing a program of mil- assistance for Morocco in FY 1989 11.4 million (FMS and IMET) and 5 million in economic assistance elopment assistance and ESF). A loping country with a per capita of $590, Morocco has a large for- debt and other economic problems. onged drought conditions and other litions forced Morocco into debt re- duling in 1987. Morocco is in the st of a major economic stabilization structural reform effort supported he IMF and the World Bank.

**Tunisia** has long had close ties the United States and as an influ- al moderate it has supported U.S. cies in the region. It is a small ntry situated between two neigh- s with much greater military ngth. While relations with Algeria e improved in recent years, Libya a record of supporting subversion exerting other forms of pressure inst Tunisia. Tunisia, therefore, ds to maintain an effective military errent. Our $30-million FMS pro- m helps Tunisia do so.

In 1987, President Ben Ali replaced Habib Bourguiba, Tunisia's leader since independence. The new government has launched a program of significant political reform. It faces an equally important challenge on the economic front. It has successfully pursued a major structural adjustment program since a slump in 1986, but some of the short-term effects, such as rising unemployment and stagnant living standards, may exact social and political costs. A severe drought in 1987 has also cut grain output to half that of normal levels. Our $12.5 million in ESF helps encourage Tunisia to stay the course on economic reform and supports development projects.

**The Challenges Ahead**

To summarize, our current efforts span the entire region and involve such vital issues as Afghanistan, the Middle East peace process, efforts to end the Iran-Iraq war, and protection in the Persian Gulf. I can think of no time during my tenure as Assistant Secretary that we have been so intensely engaged in such a wide range of initiatives in the region. Our security and economic assistance programs have played a vital part in what has been achieved so far. We are proud of progress we have made and confident as we face the future. The enormous potential for change in the Middle East and the consistent, strong support shown by the American people for our efforts there are sources for great optimism.

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[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

# U.S. Role in the Persian Gulf and the Middle East Peace Process

***by Richard W. Murphy***

*Address at the Citadel on March 22, 1988, in Charleston, South Carolina. Ambassador Murphy is Assistant Secretary for Near Eastern and South Asian Affairs.*

I would like to talk to you tonight about two of the problem areas that are in my immediate purview: our policies in the Persian Gulf and those toward the Arab-Israeli conflict. These are two areas that have claimed the attention of the Administration, the President, the Secretary of State, and the leadership generally. They are two areas that threaten international peace, and I'd like to give you some idea of what we are doing to deal with these challenges.

**The Persian Gulf**

Now, we don't have a new policy in the gulf. It's been consistent ever since World War II. Why are we in the Persian Gulf? Why did we agree to protect those tankers, particularly those reflagged Kuwaiti tankers last year? And what are we doing to help end the Iran-Iraq war, which is the root cause of tensions in the region? Ever since the Iranian revolution in 1979, there has been a new, powerful military and political dynamic thrusting outward from Tehran. It threatens to destabilize the entire region, and it has prompted a more active American security role in the gulf.

It reflects our longstanding strategic, economic, and political interests there. Let me begin with U.S. strategic interests. The gulf is a crossroad, an enormously important crossroad of vital economic and political importance to the free world. Our strategic interest is to ensure that it does not come under the domination of a power hostile to the United States, our allies, or our friends in the region.

In part because the area is critical to the United States, over the past decades, Moscow has been busy trying to increase its influence in the region and to reduce ours. Yet all the gulf states stay wary of the Soviet Union. They're masters at maintaining their political balance in this volatile region. They remember their history and move cautiously.

Economically, we and, even more, our allies have a substantial interest in importing oil from the gulf. For five decades, our businesses have had strong ties to the region. It now produces over 9 million barrels a day. Since the oil crises of the 1970s, we have

taken steps to reduce America's vulnerability to shortages, whether real or perceived. Nevertheless, we and the other Western nations and Japan are going to depend increasingly on Persian Gulf oil.

We also have strong political ties to the friendly moderate Arab states of the gulf region. We have a mutual interest in helping those directly threatened by the war and by the radicalism that is part of the Iranian revolution. Iran has been challenging the legitimacy and the territorial integrity of these states. It has followed a policy of intimidation, of direct military pressure, of terrorism, as well as attempts at internal destabilization. If Iran succeeds, the regional balance of power would shift dangerously against our Arab friends and against American and Western interests.

This has been one of the bloodiest—in fact, in sheer numbers, probably the bloodiest—conflict since the Second World War. It has already claimed an estimated 1 million lives counting Iraqi and Iranian casualties. It has gutted a generation in both countries. It has had a profound effect on major American strategic, political, and economic interests. It has to be ended in order to help restore regional stability.

We are pursuing a two-track policy in confronting the war. The first consists of our military measures—called interim strategic measures—to protect our interests while the war continues. The second track is our pursuit of a diplomatic solution in the United Nations to end the war.

**The Strategic Front.** On the strategic front, we are dealing with Iran's efforts to intimidate the gulf Arabs. These intensified in August 1986 with attacks on tankers serving Kuwaiti ports. Had we allowed that threat to Kuwait's economic lifeline to succeed, the effect on American and Western economic interests would have been severe. And for this reason, we responded readily to Kuwait's request for help.

It was late in 1986 that Kuwait approached both Moscow and Washington. It was looking for ways to protect the shipping, not just its own flag shipping but ships associated with the Kuwaiti trade. It made clear it preferred to cooperate for most of the job with the United States. It asked us to put its ships under the American flag. This was an extraordinary step in an extraordinary situation: unlike a commercial charter, these ships became American ships. They're mobilizable in a national emergency; they have to meet safety standards; they have to have American captains; etc. The protection that our Navy gives them is the same it offers to other American flag vessels. However, we did not enter into an open-ended, unilateral protection regime for all neutral shipping, nor do we intend to do so. There isn't the political support in this country for such an open-ended commitment. There isn't the support in public opinion, and, as you all know, if you don't have the support in the Congress and the public, you've got nothing going for you.

The reflagged ships are not provocative; they carry no contraband; they carry no war material for Iraq. They carry crude oil and oil products. Our deployments and tanker escorts are fully in accord with international law. They are defensive. They threaten no one who would not first threaten us.

The U.S. Middle East Force that has been operating off the island of Bahrain since the late 1940s did not form convoys for merchant ships until July of last year. But it was actively protecting U.S. flag vessels over those earlier years. The U.S. Navy has kept its Middle East Force present in the Persian Gulf over the four decades. Indeed, protecting our flag vessels was the very basis for the establishment of the U.S. Navy more than 200 years ago.

Last year, the threat level rose. There were more frequent shipping attacks, and the Iranians deployed a surface-to-surface missile called "Silkworm," which has led us to step up our own defenses. We do not intend to expand permanently our naval presence. We had some five ships there on the average since World War II. Today we have a carrier battle group outside the gulf and probably 15 capital ships in and out of the gulf. But we're not interested in maintaining that major presence. We've told this to the Iranians, and we've told this to the Soviets, both of whom have complained very bitterly about our presence. We've told them very frankly, the best way to get us to cut back is to bring the war to an end.

There was a lot of concern last year. It was this month last year when the President took the decision to reflag the Kuwaiti tankers. Congress was very bitterly divided; there was a lot of criticism in the press about our action, and the public was worried about the dangers of deeper involvement. Our policy of escorting reflagged tankers was crystalized when the U.S.S. *Sta* was hit, costing the lives of 37 of our seamen. But in the months since, I think it has been recognized that this policy is a success, and the burden is being shared by our allies in an extraordinary display of allied resolve. The British, French, Italians, Belgia and Dutch have either reinforced or dispatched naval assets to the gulf; a Japan, among others, is making finan cial contributions to the effort.

Our gulf Arab friends are also pitching in to counter the intimidatio Bahrain, Kuwait, Saudi Arabia, Oma and the other members of the Gulf C operation Council have afforded the U.S. military and the navies of our a lies unprecedented logistical support over the past year—and without that support neither we nor our allies cou operate a mission of this magnitude.

But protection of the gulf over t longer run should be a shared burde shared by the people living there an most directly concerned. And we are working closely with them—with th states—to provide them the weapons and training they need to enhance t own self-defense.

**Diplomatic Efforts.** I said there were two tracks, the second one beir the diplomatic one at the United Nations in New York. Last year, we led the effort in the Security Council th resulted in the unanimous passage o Resolution 598, which establishes a solid basis for a negotiated settlemer that is fair to both sides: it calls for a cease-fire, a withdrawal to internatio borders, exchange of prisoners, a co mission on the origins of the war and reconstruction, as well as, of course, negotiations to bring the war to an e

Iraq has accepted the resolution Iran has stalled, refusing to present the Secretary General with an unam biguous response. Because Iran refu to cooperate, we believe that further enforcement is needed in the form of global arms embargo on Iran to be mandated by the Security Council ar that would be binding on all UN mer bers. We have been seeking such an embargo in the Council since last fal but the Soviet Union so far has not been willing to support it. This subje is an important part of our agenda w the U.S.S.R. We will keep trying, k pushing until Iran is ready to make peace.

In the meantime, we are doing
t we can unilaterally with our
nds and allies to squeeze down
n's war-making potential through
rolling the flow of arms to Tehran.
effort is called Operation Staunch.
have made some real progress, es-
ially with Western countries. The
nese, however, have not been coop-
ing, and some East European coun-
s are continuing to sell significant
plies.

The Government of Iran has to be
re of the strength of our resolve.
have made clear what we are doing
he gulf and why. We have remained
tdfast in our policy and steadfast in
efforts to deal effectively with new
eats as they flare up. There is no
e certain way to assure gulf se-
ity and protect our interests in that
l region, and we can be proud of the
it has turned out.

**b-Israeli Conflict**

me turn to the Arab-Israeli con-
—another 40-year-old problem,
be 2,000 years old, depending
ch book you're reading. The 40-
r-old struggle is once again back in
headlines, back on your nightly TV
s shows. The outburst of violent,
ry protests by the young Palesti-
ns in the West Bank and Gaza begin-
g last December, Israel's harsh
onse, and the continuation of this
frontation for over the past 3
nths are a sharp reminder that the
estinian issue, at the center of the
ab-Israeli conflict, must be resolved.
d there is a new sense of urgency—
gnition that the *status quo* is un-
eptable in human, moral, and strate-
terms, both for the Palestinians and
aelis.

The United States has been very
ply involved in efforts to settle the
nflict since Israel was born in 1948
several reasons: the threat that the
ies of wars poses to international
ace and stability; the special ties, the
ecial relationship between Israel and
United States; and our longstand-
friendships and interests in the
ab world.

Since 1967, the year of the June
r—of the 6-day war which I'm sure
u've had occasion to look at in your
xtbooks of modern warfare—the foun-
tions for our diplomacy, for our polit-
l efforts, are UN Security Council
esolutions 242 and 338. These
ideposts embody the principle of the
ght of Israel and other states in the
gion to live in peace within secure borders. They also stand for the principle of land for peace as the fundamental basis for achieving a comprehensive Arab-Israeli peace settlement.

We're working with these two resolutions as an anchor. We can point to some real achievements over the past 20 years. The Syrian-Israeli disengagement agreements, the Sinai interim agreements, the Camp David accords, and the Egypt-Israel Peace Treaty were examples of successful American diplomacy. They are proof that negotiations work, even when the sides are so passionately and bitterly opposed as they are in that region.

While Egypt and Israel implemented their peace treaty, we turned to the other goal that had been spelled out in the Camp David process: solution of the Palestinian issue. We pursued it for a couple of years, but the so-called autonomy talks broke down finally in 1982.

In September of that year, President Reagan proposed a fresh start again, an attempt to resolve the Palestinian issue, this time through negotiations between Israel, Jordan, and the Palestinians. The approach was designed to lead, via a 5-year transition period, to a final determination of the status of the West Bank and Gaza and their Palestinian inhabitants which would be acceptable to all the parties. Again, we were disappointed. The Reagan initiative did not lead to renewed negotiations, and the Palestinian issue continues to fester.

Three years later, in 1985, there was renewed interest in negotiations when King Hussein of Jordan and Israeli leaders began to speak out in favor of another try. There were intense discussions between Washington, Israel, and Jordan. And because the issues dividing the parties to the Palestinian issue were so complex, we focused on procedure. We focused on how to structure a negotiating process. Our theory was that if a process could be devised and negotiations launched, the tough problems of substance would yield more easily to compromises.

This search for a process, for the modalities, of negotiations made some progress, but it didn't flourish; it didn't get us to the table. Once again, the peace process lost momentum, and pressures in the Palestinian populace of the West Bank and Gaza continued to build. There simply was no hope out there, no visible peace process that they could point to and say, "Well, the talks are going on, maybe next year, maybe the year after, we'll be rid of the occupation, and we'll find some new relationship, some new self-government, and a new tie between us, Israel, and Jordan."

But last December the despair and frustration of the Palestinian people boiled over in major riots. Once again we are seized with the problem of how to reactivate the peace process. No one, and I mean that in all sincerity, no one now doubts that the situation in the occupied territories is intolerable for all, and there is an urgent need for a political solution. And we are basing our current efforts on that.

In the past when we tried to structure a negotiating process, it did not succeed since each of the parties—Israel, Jordan, and the Palestinians—wanted a clearer picture of where it would end up before they would start out. They wanted some kind of guarantee because there's a lot of risk to go to the table. As Americans, it seems pretty straightforward to us. You've got a problem—be it a labor-management problem, you negotiate, you sit down, you may fight verbally. In the old days, we had fights between management and the unions out in the streets. But we've learned how to talk these things out. It's been much harder to get that mindset in the Middle East. With this lesson in mind, Secretary Shultz, at the President's request, last month launched a new American initiative that combines elements of both substance and process that is designed to bring the parties to the table.

Our approach envisages negotiations at an early date designed to bring about significant changes in the political conditions in the West Bank and Gaza in a short time span. These talks would open the way for negotiations at another date certain several months down the road to achieve a final settlement. Negotiations for rapid change on the ground in a transitional phase and for final settlement issues would be clearly linked, so that neither phase could be separated from the other. And such a process would offer reassurance to both sides that their vital interests would be protected and that the negotiations would unfold in a direction that was defined in advance.

With this understanding, we think it should be easier to structure an international conference, which the U.S. initiative proposes to launch the negotiations. The conference we envisage would provide international auspices,

but it would not have authority to impose solutions or veto decisions which the parties themselves have agreed to.

But our goal is to address not only the Palestinian issue but a comprehensive peace. Our plan foresees a series of bilateral talks that would also deal with Israel's unresolved disputes with Syria as well as with Lebanon, the others in the Arab-Israeli conflict.

Three weeks ago, when the Secretary traveled to the region, he met with Prime Minister Shamir, King Hussein, President Assad of Syria, and President Mubarak of Egypt. And at the end of this round, he left with each a letter outlining our initiative and asked for an early response. Last week Prime Minister Shamir came to Washington for talks. Right now, American Ambassador Phil Habib is out in the region in Egypt, Jordan, Saudi Arabia, and Morocco. The process continues.

Our initiative puts challenges to all of the parties and requires difficult, even painful, decisions. But it is a realistic approach that takes all of their interests into account. So, 3 weeks later, what are the results? Nobody said yes; nobody has accepted it. But they are giving it a very serious look, and we are reminding them that this is a time of crisis that demands decisions.

The riots of the West Bank and Gaza have shown very vividly that the Arab-Israeli conflict is coming back to its roots—a struggle between Israelis and Palestinians for territory and political control.

It's been a cruel history that these two peoples are still locked in a struggle after so many years: that the dream of peace and security that inspired Israel's creation and the aspirations of Palestinians to shape their own destiny both remain unfulfilled. The conflict between these two peoples, whom history has brought together in the same land, is a gripping human dilemma, since both the Jews and the Palestinians have claims to justice that command our respect. And it is tragic that these two peoples who live side by side, who have suffered so much, and whose destinies are so closely linked, have been unable to come to terms with each other.

Both have an overriding interest in finding ways to reconcile their differences through compromise. In the long run there can be neither victor nor vanquished in this conflict. And without a political settlement, both are going to be losers, condemned to continuing strife and insecurity.

For Israel, the demographic and democratic dilemmas posed by continuing their governance over Palestinians in the West Bank and Gaza are looming problems that are getting increasing debate inside Israel and elsewhere.

For Palestinians, there is an urgent need for leaders to come forward—and they have been lacking in the past—with the vision and skill to struggle for their rights and their aspirations in a realistic way and to reject the false prophets of armed struggle.

Fortunately, there are many in the Middle East, Arabs and Israelis, who understand the need for accommodation and compromise and who realize that the siren appeal—the siren song of the extremists—is a formula for mutual disaster.

These realities are being confronted, I'd have to say, intellectually. Still, they haven't found a way to deal with each other politically. Our initiative offers a workable approach to answering these problems—through negotiations—and we hope the partie will find their way to answer positivel

### Conclusion

So in the gulf and in the Arab-Israeli conflict, American interests and the i terests of our friends are very much a stake. The problems of solving these seemingly intractable struggles are daunting, but the dangers ahead if th problems remain unsolved are even more ominous. Peace is imperative in both theaters. We remain committed playing an active role, together with our friends, to bring these conflicts t an end. ■

# Regulations Revised on Arms Trafficking

The Department of State has revised certain provisions of the International Traffic in Arms Regulations (ITAR). The Acting Secretary of State, John C. Whitehead, approved these revisions on April 4, 1988, and they will be published as a final rule in the *Federal Register* this week.

The ITAR is promulgated by the Department of State to implement Section 38 of the Arms Export Control Act (AECA), which authorizes the President to control the export of defense articles and defense services from the United States. The revisions to the ITAR are designed to implement the recent amendment to the AECA (generally known as the Pryor amendment), as well as to clarify existing provisions.

The AECA was amended in December 1987 to provide the Department of State with additional authorities to implement existing law. The revised ITAR implements the statutory amendments that make it possible to deny licenses or other approvals based on the past behavior of applicants.

**First,** licenses and other approvals may not be granted to persons who have been convicted of violating certain U.S. criminal statutes or who are ineligible to receive export licenses or other forms of approval from any U.S. Government agency.

**Second,** licenses and other approvals may be denied if the applican is the subject of an indictment for vic lating any of these statutes, or there reasonable cause to believe that the person has violated such a statute, or the applicant is ineligible to contract with, or receive a license or other for of approval to import defense articles and services from, any U.S. Government agency.

The new legislation also prohibits the issuance of a license or other approval to any foreign person other tha a foreign governmental entity in the United States.

To facilitate implementation of these new requirements, changes are made in the registration and applicati processes. All new and current registrants must inform the Department of State whether any of their senior officers, officials, or directors have beer convicted of or are the subject of indic ment for certain offenses or are debarred by any agency. The revised re ulations make it clear that all registrants have a continuous duty to infor the U.S. Government of acts that coul result in the denial of applications for licenses and other approvals.

Applicants must also provide the
partment of State with information
arding the past behavior of per-
s involved in the proposed export.
plications for licenses or other
rovals involving any person who has
en convicted of violating the AECA
onspiracy to violate the AECA for
year period following conviction will
be considered. Such individuals
ll be notified by the Department of
te that they are debarred, and their
nes shall be published periodically in
*Federal Register*. Pursuant to the
legislation, an applicant must also
ntify all consignees and freight for-
rders involved in the proposed ex-
t. The failure to provide all of the
uired information is now an express
is for denying an application.

One substantive change unrelated
he new legislation addresses the un-
tainty that has existed in the past
arding whether certain Federal Avi-
n Administration (FAA)-certified
raft or components were on the
S. munitions list. The change re-
res that a formal commodity juris-
tion review take place to determine
ether such items have been removed
m the munitions list after FAA cer-
cation and subject to the export
trol jurisdiction of the Department
Commerce for purposes of Section
c) of the Export Administration Act,
amended.

Another substantive change clar-
s the existing policy of denying li-
ses and other approvals with respect
defense articles and defense services
stined for or originating in countries
t the Secretary of State has deter-
ned have repeatedly provided sup-
rt for acts of international terrorism.
e revised ITAR states explicitly that
th exports and sales to such coun-
es are prohibited (including to the
bassies and consulates of such coun-
es). The countries subject to this pol-
are identified and include Cuba,
an, Libya, Syria, South Yemen
.D.R.Y.), and North Korea.

The Department of State will be
blishing further revisions to the
AR during the next few months.
me additional changes are required
other provisions of the new legisla-
n, and others are intended to im-
ove the regulatory scheme. Members
the public are invited to submit their
commended changes to the Office of
unitions Control, Department of
ate, Washington, D.C. 20520, within
e next 30 days to facilitate prepara-
on of the new revisions.

ress release 53. ■

# Presidential Certification of Narcotics Source Countries

*by Ann B. Wrobleski*

*Statement before the Senate Committee on Foreign Relations on March 14, 1988. Miss Wrobleski is Assistant Secretary for International Narcotics Matters (INM).*[1]

I will present testimony today in support of the decisions of the President concerning certification of narcotics source countries under Section 481(h) of the Foreign Assistance Act. My testimony is drawn from the findings contained in the Department's annual International Narcotics Control Strategy Report (INCSR), which was submitted to Congress on March 1. I will also briefly summarize those findings.

## Summary of Certification Decisions

The President has certified that the following major narcotics producing and/or major narcotics transit countries have cooperated fully with the United States, or taken adequate steps on their own, to control narcotics production, trafficking, and money laundering: The Bahamas, Belize, Bolivia, Brazil, Burma, Colombia, Ecuador, Hong Kong, India, Jamaica, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Peru, and Thailand. The President also determined that it is in the vital national interests of the United States to certify Laos, Lebanon, and Paraguay. The President has denied certification to Afghanistan, Iran, Panama, and Syria.

The committee should note that there are special considerations attached to the certifications of Mexico, Colombia, Laos, and Paraguay, which are discussed in more detail below.

There are a variety of economic and other sanctions automatically imposed by denial of certification, assuming congressional concurrence with the President's determination, and also trade and other economic sanctions that can be imposed at the President's discretion.

## Major Findings of the 1988 INCSR

There are mixed perceptions of 1987. Countries cooperating with us eradicated significant amounts of narcotics crops in 1987—the equivalent of 283 metric tons of opium, 5,046 metric tons of coca leaf, and 17,585 tons of cannabis—many times more opium and marijuana than drug users in our country consume and one-seventh of the cocaine. These totals are far higher when seizures are added, including seizures by intensive DEA [Drug Enforcement Administration]-assisted cocaine interdiction throughout Latin America and the Caribbean. International cooperation also improved, advanced greatly by the UN conference in June. Public diplomacy programs sponsored by the United States were welcomed in many countries.

The long-term test of our international effort, however, is how well we succeed in heading off drug abuse. Despite the eradication programs in 23 countries, and parallel programs in interdiction, the combined efforts of the Departments of State, Justice, Treasury, Transportation, and other agencies were not enough to reduce availability in the United States.

There are many reasons why we have not reduced availability. Our ongoing joint efforts in 1988 are the basis for the Administration's international program.

The debate on the Hill over the next few weeks will focus on how well or poorly the Congress perceives that cooperating governments performed. Our agencies will also be under close scrutiny. I hope that the debate will also consider an issue that transcends the usual checklist of control efforts. Global expansion of narcotics production is also driven upward by demand outside the United States. Trafficking is in the hands of well-armed gangs and insurgents. Drugs are produced and refined mainly in areas outside the control of the central governments. We are dependent on those governments to arrest and prosecute the major traffickers, but they face threats of violence and efforts to corrupt their officials.

What course has the highest potential for success in Colombia? We agree that long-lasting progress won't be made until the Medellin cartel is imprisoned. Should we rely on finding a means of extraditing these criminals to the United States—a policy that was once effective but at high cost to Colombians? Or should we seek to strengthen the political will and enforcement capability of the Colombian

Government so that traffickers are arrested by Colombians, tried by Colombians, and imprisoned by Colombians?

Political access questions are often perplexing. Can opium control be effective in Burma unless the government gains control of critical growing and refining areas east of the Salween River? If not, how can drug control be achieved? What influence do we have in Laos, Afghanistan, and Iran, all important sources of the opium and, later, heroin smuggled into the United States?

There are no easy answers to these questions. What we can do is work harder at what we have done in the past—eradication, interdiction, and demand reduction—in more places and with greater cooperation.

We must improve our international control programs. We saw demonstrable successes in crop eradication in Ecuador, Jamaica, Belize, and even in Panama. Bolivia began a long-awaited voluntary coca eradication program; Pakistan has begun a chemical eradication campaign. But despite improvements in the eradication programs in several countries, the reality is that eradication failed to overcome increases in production in most countries. Across-the-board improvements in eradication—not just higher totals but expansion into new areas—are scheduled for 1988. Eradication efforts are focused on coca, and our international strategy calls for a diplomatic and public diplomacy campaign to win over the Andean governments to herbicidal eradication. We want to move as quickly as possible, once current tests are completed, to systematic eradication of coca leaf.

Destroying crops, plus interdicting shipments of narcotics, are essential components of a winning strategy. We must also confront and destroy narcotics trafficking organizations. This year saw some successes—Carlos Lehder is being tried in Florida; the Herreras, Carlos Quintero, and Ernesto Fonseca are in Mexican jails; but few other prominent traffickers have been arrested or jailed around the world. Not enough has been done to destabilize these organizations. They are better financed, better armed, and even more entrenched than a decade ago.

No one element of our global approach to narcotics control demands more of the governments whose cooperation we seek than the fundamental task of breaking up these organizations. Having the political will is crucial—and denying incomes to those who are dependent upon the traffickers for their livelihood is a test of political will—but also needed is the political courage to risk death by retaliation. The United States can supply aircraft, vehicles, communications gear, and training. Those costs are marginal. The real costs are the lives of the men and women who enforce the law. Eradication largely stopped in Peru because of terrorist and trafficker violence. Insurgency in Burma limited eradication results last year. Nowhere is the specter of trafficker intimidation and violence more vivid than in Colombia. Terror there has suspended the vital extradition treaty. The first line is the police and military forces facing the traffickers. Our Embassy personnel, and especially U.S. enforcement officers, are now at risk in country after country.

Destabilizing these trafficking organizations is paramount. Governments have to curb narcotics-related corruption to succeed. Corruption has become a serious impediment to narcotics control in many countries, notably in Latin America. The indictment against General Noriega proves that our government is determined to identify officials connected to the drug trade. Proof can be difficult to obtain; it requires full cooperation among all governments committed to narcotics control.

The INCSR takes account of improvements in cooperation against money laundering. We must take the profits out of the narcotics business. The INCSR country reports and the special section on money laundering show how much needs to be done.

Are we prepared to pay the price of success in narcotics control? The issue is not just buying spray aircraft and funding ground support, assigning agents abroad, and all other efforts required to increase foreign cooperation. We must also provide more economic support, particularly for South America, as incentives to eradicate coca and reward the governments making genuine efforts with support for economic development.

Our public diplomacy initiative is succeeding. We think that the demand reduction and public awareness programs we cosponsor with USIA [United States Information Agency] and AID [Agency for International Development] showed great potential in 1987. We are assisting other governments with their own domestic efforts to prevent drug abuse and with building popular support for drug control programs. Changing attitudes is essential to long-term success here and overseas.

Progress in international cooperation was highlighted by the UN International Conference on Drug Abuse an Illicit Trafficking last June. It helped promote a global realization that imme diate action is needed. The UN Fund for Drug Abuse Control (UNFDAC) has become a multimillion-dollar organ zation with strong donor support. UNFDAC is assisting drug control an demand reduction programs in Latin America as well as in Asia and Africa.

Preventing drug abuse from starting is crucial. A good deal of progress has been made in reducing demand in the United States. More must be done Consensus is growing that penalties fo use are needed. Demand reduction means improving techniques for cuttin demand here and then helping other countries stop burgeoning demand tha is driving up worldwide production.

In sum, the issue for the next 45 days in our dialogue with Congress is not whether we were successful this year in controlling narcotics productio We agree on the long-term nature of our task. The issue is whether we got foreign cooperation. The answer from our side is, yes, we did—not as much as we wanted in some cases or as muc as we thought possible in others, but much more cooperation from an ever-larger number of countries.

### Presidential Determinations on Certification

The test of cooperation is reflected in the presidential determinations on certification. The Congress has received the President's decision memorandum. will summarize some of the findings in this formal testimony, with particular focus on a few countries which we kno will be closely scrutinized.

The law requires that we submit justifications only for countries given a national interest certification: Laos, Lebanon, and Paraguay. We have taken an unusual step and provided justifications for two countries that are certified as fully cooperating. We are sending a signal to Colombia and Mexico. Let me share our reasoning with you, drawing upon the justification statements.

We believe Colombia has done a great deal to fight drug trafficking, bu the power of the Medellin cartel has no yet been broken. Colombia needs to re solve the issue of extradition. We recognize that the Government of Colombia is under assault by well-armed trafficking and insurgent groups. Their influence is reportedly spreading in the Americas. We also rec ognize that Colombia has been the mos

operative and important of the An-
can governments for many years. Car-
. Lehder was sent here for trial; but
rge Ochoa's release was a grave set-
ck. We want to help Colombia find a
sis for extraditing major traffickers
else arrest and prosecute them un-
r Colombian law.

Colombia must also be more force-
f in attacking cocaine labs, many of
hich are protected by insurgent
oups as well as by traffickers. Colom-
n takes justifiable pride in its mari-
ana eradication program. We are also
atified by indications that in 1988 the
olombian Government will expand the
raying program to counter production
and in new areas. Colombia continues
work toward finding a herbicide
ainst coca, cooperation that is indis-
nsable to a long-term solution to coca
ltivation. We have a good part-
rship, but one that faces a critical
st of political will.

Mexico can do much more against
ug production and trafficking. The
ccess of the recent summit does not
minish our belief that Mexico has the
pability for greater achievement. As
resident Reagan declared at Mazatlan,
88 should be a year of positive
sults.

Marijuana eradication improved,
ium poppy eradication only mar-
nally; but neither keep pace with pro-
uction. Some lab seizures are
ported, but the enforcement effort
ust improve. Despite increased re-
urces from both governments, Mex-
o's effort has not kept pace with the
owing flow of drugs. Conclusion of
e Camarena and Cortez cases and a
gorous campaign against corruption
ill enhance our 1988 assessment.

The committee should note that
aos was, in effect, given a limited na-
onal interest certification. Lao opium
d marijuana production have in-
eased sharply. We are profoundly dis-
rbed by reliable reports implicating
ommunist Party, Lao Army, and civil-
n officials in orchestrating the trade.
aos has not accepted offers of U.S.
arcotics assistance; it has not under-
aken any control initiatives. There is
ttle prospect for a reversal of these
ends.

Vital national interests have had to
e weighed against the failure of Laos
o cooperate fully with the United
tates on narcotics control or to take
dequate steps on its own. The Presi-
ent has assigned the highest national
riority to obtaining the fullest possible
ccounting for all Americans lost in In-
ochina during the war. He has pledged
he full resources of the U.S. Govern-
nent to the effort. Laos was granted a national interest certification in 1987 on grounds of promised cooperation on MIA/POW [missing in action/prisoner of war] issues. Remains and aircraft parts have been made available to U.S. officials; pledges of cooperation in early 1988 on joint excavations of crash sites have been received.

As we noted in the justification, two certifications must be made of Laos, one on March 1 under section 481(h) and another on May 1 under Section 2013 of PL 99–570, which requires reports on corrupt officials and governments. The decision is to grant Laos a national interest certification under section 481(h). The understanding is that the issue will be reconsidered on May 1. At that time, the dry season will have ended, and the United States will have evidence of promised further cooperation on the MIA/POW issue. We hope cooperation will be forthcoming and that strong indications of an intent to pursue narcotics control will also be evident.

The finding of national interest is unchanged for Lebanon. Opium, heroin, and hashish production abound in the Bekaa Valley, and a cocaine trade is flourishing. The area of production is controlled by elements of the Syrian military. The Lebanese Government's control over growing areas and transit routes has eroded during the past 12 years of civil strife. We want to assist in reestablishing peace and stability in Lebanon. Denial of certification would end U.S. assistance to Lebanese Government efforts to maintain a professional and well-trained Lebanese Army, a key element in the eventual restoration of government control and stability. U.S. assistance to displaced and injured Lebanese civilians helps minimize the destabilizing effects of continuing civil strife and economic distress.

Serious allegations of high-level corruption in Paraguay indicate it has again become a major factor in the international narcotics trade. The decision to give a national interest certification is linked to pledges of cooperation with the recently reopened DEA office in Asuncion. We hope to determine more precisely the scope of the problem and the willingness of Paraguay's officials to cooperate with DEA on drug investigations.

The committee should note that this, too, is a time-limited decision. Given the allegations of official corruption, certifying Paraguay will also have to be reviewed on May 1 when the President certifies countries under Section 2013 of PL 99–570. The current national interest certification indicates to Asuncion that cooperation on narcotics is not adequate, that improvements are needed in the coming year, and that Paraguay's cooperation with DEA will affect the May 1 decision.

Let me review other key countries.

### The Certified Countries

**The Bahamas** responded affirmatively to major U.S. recommendations in 1987 for improving joint drug enforcement activities. A joint drug task force is working effectively. We note the high level of continuing cooperation with OPBAT [Operation Bahamas and Turks and Caicos], which expanded in 1987 to 7-day, 24-hour coverage from three separate stations; the sharp increase in seizures; the signing of a mutual legal assistance treaty; and other improvements, including the addition of another radar balloon and training for a new investigative unit of The Bahamian police. Attorney General Adderley, whose hand has been strengthened with the addition of the defense portfolio, has shown strong commitment to drug control. The United States continues to believe that The Bahamas, like most source and transit countries, must do more to curb narcotics-related corruption. Greater effort must also be made to arrest and prosecute major traffickers. Moreover, while there has been genuinely good cooperation with U.S. agencies on U.S.-operated enforcement initiatives such as OPBAT, their cooperation has been largely limited to U.S.-directed efforts, and we, therefore, applaud plans for establishing a Bahamian DEA-type enforcement capability.

In **Belize**, three aerial eradication campaigns were successful in destroying 80% of the marijuana crop in 1987. Cooperation by the government has been good; more effort is expected in 1988 to ensure that current marijuana routes are not used to smuggle cocaine.

**Bolivia** initiated a long-awaited voluntary eradication program in September 1987, which destroyed more than 1,000 hectares of coca by year-end. Cooperation has been quite good on this phase, but Bolivia must still prove it can manage a program attempting to eradicate 10,000 or more hectares. The critical test will come in August, when the agreement calls for an involuntary eradication program. U.S. training has improved the quality of narcotics enforcement, as reflected in much-improved seizures of coca paste and destruction of more than 1,000 processing sites. We are pressing Bolivia to intensify the interdiction campaign to suppress cocaine refining and to keep leaf prices low enough to augment the

eradication program. We need to see improved seizures of base and hydrochloride, as well as precursor chemicals, and destruction of a higher rate of active cocaine labs.

**Brazil's** narcotics enforcement results in 1987 were triple the 1986 level. Police cooperation on interdiction has been quite good, and Brazil is sensitive to the potential for increased drug trafficking across its territory, as well as upward pressure on marijuana and coca production, which it counters with aggressive eradication programs. U.S. officials seek even greater efforts to control the production and flow of precursor chemicals.

**Burma** is conducting the largest scale narcotics eradication program in history, destroying some 16,300 hectares in 1987, before being forced to curtail spraying to counter a major armed communist offensive. Burma is sensitive to being the world's largest producer of illicit opium, much of it grown in territory not under the control of the central government, and plans major increases in its eradication program and more aggressive heroin lab suppression.

**Ecuador's** successful 1987 coca eradication program causes us to drop Ecuador as a major source country. In addition to destroying much of the remaining coca crop, Ecuador continues its vigorous program of interdicting drug shipments.

**Hong Kong** Metropolitan Police are cooperating closely with U.S. and other enforcement agenices on interdicting heroin trafficking through the colony and also on rooting out corruption. Hong Kong, which remains the financial hub for Asian drug traffickers, has begun enforcing its own racketeer-influenced criminal organization law and has revised its banking laws to facilitate release of information for drug-related investigations.

**India** is forming an elite investigative unit as part of a more vigorous enforcement campaign to interdict trafficking in opiates from both Southwest and Southeast Asia along its western and eastern borders. Indian officials do not agree that illicit cultivation occurs but informally acknowledge diversion from its vast licit production of opium, driven by its burgeoning addiction problem. India has signaled an interest in exploring conversion to the poppy straw process.

**Jamaican** enforcement agencies drove marijuana production down from 1,755 metric tons in 1986 to 430 metric tons in 1987, one of the more significant reductions in narcotics production achieved through the U.S.-assisted program. Jamaica is also improving its enforcement efforts but remains an important transit point for cocaine.

**Malaysia** continues to cooperate effectively with the U.S. and other governments on narcotics enforcement. Drugs are regarded by the Malaysian Government as its principal national security threat. Interest in curbing trafficking in morphine and heroin base has been heightened by the election of Prime Minister Matathir to the presidency of the UN International Conference on Drug Abuse and Illicit Trafficking.

U.S. officials sense a new determination in **Morocco** to end narcotics trafficking, including cocaine, and to move against marijuana growing in its territory.

**Nigeria** is trying hard to cope with both a major trafficking problem and a growing domestic drug problem, despite a lack of resources and weak enforcement agencies.

**Pakistan's** major significance to narcotics enforcement is as a refining center and transit point for Southwest Asian opium products exported to Europe and the United States. Enforcement against major traffickers and heroin labs has been lagging, but at year-end, the situation seemed to be improving, a reflection of improved cooperation and assistance by the United States and others. Domestic production of opium is largely driven by an increasingly large addict population, now estimated at more than 600,000 heroin users. Opium production in 1987 was at the 135–160 metric ton level, about the same as 1986. The Government of Pakistan enforced its ban more vigorously in merged and settled areas which had received development assistance, especially the Gadoon, where opium cultivation had sharply expanded in 1986. The problem of reducing overall production levels is related directly to the need to extend the ban on opium production to the tribal areas of Bajaur and Mohmand and to Dir Adenzai. Development funds have not yet been committed by major donors to these areas, but the Pakistani Government has been urged at the highest levels to initiate the planning needed to extend the ban to all growing areas. We anticipate the government will make those moves in 1988.

Enforcement actions to reduce the world's foremost supply of coca leaf in **Peru** continue to be stymied by the combined effect of attacks on narcotics workers and police by traffickers and terrorist groups. Peru did mount another in the series of its Operation Co dor interdiction program, but with mixed results. Similarly, eradication f far short of the target of 6,000 hectares. Still, given the test of full coop eration as the basis for certification, U.S. officials believe Peru is making every effort to be cooperative against daunting obstacles.

**Thailand's** effective program to r duce opium cultivation, with eradicati in areas receiving development assistance, continued in 1987. At year's end, Thai officials were exploring the use of herbicides. Royal Thai Government forces continued to cooperate closely with U.S. agencies on suppres sion of heroin refining on the border a well as on seizing precursor chemicals

### Countries Denied Certification

As evidence supporting the indictmen of General Noriega indicates, narcotic related corruption in Panama is extensive, of long duration, and has served to limit the scope and effectiveness of U.S.-directed enforcement operations. Panamanian officials cooperated with DEA on money-laundering investigations in 1987, including Operation Pisces, and were successful in reducin marijuana cultivation and in suppressing traffic in cocaine and precursor chemicals. Other U.S. agencies received cooperation that ranged from good to poor on their investigations. Clearly, the United States has nonnarcotics interests in Panama, includi the canal, military installations, and trade. The President's decision was th the extent of narcotics-related corruption is such that a national interest ce tification is not warranted.

The decision to deny certification intended to signal the Government of Panama, and especially the Panama D fense Forces, that significant improvement is needed in cooperation on narcotics control. In order for Panama to demonstrate its good faith, the United States not only expects curren DEA and other investigations to continue but we will seek assurances that narcotics-related corruption is not impeding those investigations. The decision recognizes the cooperation in 1987 on these investigations as well as inter diction efforts. The President has the option of issuing a statement of certification to the Congress, subject to it concurrence by joint resolution, shoulc evidence show that Panama has improved cooperation on narcotics contro

e certification issue must be recon-
sered in late April, when the Admin-
ration files its corrupt officials report
ection 2013, PL 99–570). Given the
oriega indictment, certification with
dnial of aid and other benefits will
ive to be denied again under section
213, unless there are new reasons for
e President to find it in our national
erests to certify Panama.

The Government of Afghanistan
s denied certification in 1987 for fail-
ig to act against narcotics production
d trafficking. The Soviet-backed re-
ne took no actions in 1987, on its own
in cooperation with the United
ates, to halt production of opium, nor
e cooperative actions planned for
188.

The Syrian military control the
kaa Valley of Lebanon, and Syria it-
f continues to be a transit country
narcotics. Syria remains under U.S
nctions for its involvement in both
rorist and narcotics activities. There
little or no progress to report for
87 or indications that the situation
ll change in 1988.

Denied certification in 1987, Iran
s taken no steps on its own or in
operation with the United States on
rcotics control.

### her Countries

e requirement of section 481(h) is
at the State Department determine
hich countries meet the congressional
iteria of being major producer and/or
ajor transit countries. Only those
untries identified as major are sub-
ct to certification. However, other
rts of section 481 require State to
port on other countries wherein pro-
ction and/or trafficking are of signifi-
nt interest to the United States. The
llowing countries are also included in
e INCSR, but not as major factors in
e drug trade: Argentina, Australia,
ulgaria, People's Republic of China,
osta Rica, Cuba, Cyprus, Dominican
epublic, Egypt, Greece, Guatemala,
aiti, Honduras, Indonesia, Ivory
oast, Kenya, Micronesia, Nepal, New
ealand, Nicaragua, Philippines, Sene-
al, Singapore, Turkey, and Venezuela.

In the INCSR we note that section
81(h) lacks a quantifiable definition for
transit country." In other hearings, we
ave been asked how the "majors" list
as determined. Nineteen of the 24
ountries we report as major are source countries. The nonsource countries are The Bahamas, Nigeria, Malaysia, Syria, and Hong Kong, each of them clearly a predominant factor in trafficking or money laundering in their region. Ecuador will probably come off the major source country list next year, given the decline in coca production. Panama was originally on the list as a marijuana source country but is now primarily a money-laundering center.

Over the last 2 years, staffs of various committees have pondered the definitional problem with INM and Department lawyers. To my knowledge, we still do not have a widely accepted formula that tells us whether Turkey or Argentina or any other country should be added to the list.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. ■

## Nuclear Cooperation With EURATOM

**LETTER TO THE CONGRESS, MAR. 9, 1988[1]**

The United States has been engaged in nuclear cooperation with the European community for many years. This cooperation was initiated under agreements concluded over 2 decades ago between the United States and the European Atomic Energy Community (EURATOM), which extend until December 31, 1995. Since the inception of this cooperation, the community has adhered to all its obligations under those agreements.

The Nuclear Non-Proliferation Act of 1978 amended the Atomic Energy Act of 1954 to establish new nuclear export criteria, including a requirement that the United States has a right to consent to the reprocessing of fuel exported from the United States. Our present agreements for cooperation with EURATOM do not contain such a right. To avoid disrupting cooperation with EURATOM, a proviso was included in the law to enable continued cooperation until March 10, 1980, if EURATOM agreed to negotiations concerning our cooperation agreements, which it did.

The law also provides that nuclear cooperation with EURATOM can be extended on an annual basis after March 10, 1980, upon determination by the President that failure to cooperate would be seriously prejudicial to the achievement of U.S. nonproliferation objectives or otherwise jeopardize the common defense and security and after notification to the Congress. President Carter made such a determination 8 years ago and signed Executive Order No. 12193, permitting continued nuclear cooperation with EURATOM until March 10, 1981. I made such determinations in 1981, 1982, 1983, 1984, 1985, 1986, and 1987 and signed Executive Orders Nos. 12295, 12351, 12409, 12463, 12506, 12554, and 12587 permitting continued nuclear cooperation through March 10, 1988.

In addition to numerous informal contacts, the United States has engaged in 12 rounds of talks with EURATOM regarding the renegotiation of the U.S.-EURATOM agreements for cooperation. These were conducted in November 1978, September 1979, April 1980, January 1982, November 1983, March 1984, May, September, and November 1985, April and July 1986, and September 1987. Further progress in the talks is anticipated this year.

I believe that it is essential that cooperation between the United States and the community continue, and likewise, that we work closely with our allies to counter the threat of nuclear explosives proliferation. A disruption of nuclear cooperation would not only eliminate any chance of progress in our talks with EURATOM related to our agreements, it would also cause serious problems in our overall relationships. Accordingly, I have determined that failure to continue peaceful nuclear cooperation with EURATOM would be seriously prejudicial to the achievement of U.S. nonproliferation objectives and would jeopardize the common defense and security of the United States. I intend to sign an Executive order to extend the waiver of the application of the relevant export criterion of the Nuclear Non-Proliferation Act for an additional 12 months from March 10, 1988.

Sincerely,

RONALD REAGAN

[1]Identical letters addressed to Jim Wright, Speaker of the House of Representatives, and George Bush, President of the Senate (text from Weekly Compilation of Presidential Documents of Mar. 14, 1988). ■

# International Cooperation to Study Climate Change

*by Richard J. Smith*

*Statement before the House Foreign Affairs Committee on March 10, 1988. Mr. Smith is Acting Assistant Secretary for Oceans and International Environmental and Scientific Affairs.*[1]

Thank you for the opportunity to testify today on global climate change, a subject of great importance to current and future generations.

International cooperation is required to improve our understanding of natural and man-induced climate change and to develop and consider possible response strategies. This effort is particularly necessary if the chemical composition of the Earth's atmosphere is being changed by man's activities at a rate that could lead to unprecedented global warming within the next several decades.

### The World Climate Program

The principal forum for international coordination of climate-related activities is the world climate program. Formed in 1979, the world climate program is sponsored by the World Meteorological Organization (WMO), the UN Environment Program (UNEP), and the International Council of Scientific Unions (ICSU). Like the congressionally mandated U.S. national climate program, the world climate program addresses not only the current state of the climate system but also the predictability of climate on time scales of months to decades and of decades to centuries. In recent years, increased emphasis has been placed on assessment of the consequences of the ongoing change in the composition of the atmosphere, including its potential to change the climate, and associated impacts on natural and managed ecosystems.

The world climate program is divided into four components: data and applications, which are administered by WMO; research, which is jointly implemented by ICSU and WMO; and impact studies, implemented by UNEP. The U.S. national climate program works closely with WMO on the data and applications elements. The United States participates actively in many international observational projects within the world climate research program, such as the tropical ocean global atmosphere project, known as TOGA.

UNEP activities under the world climate impacts program have focused largely on developing countries, promoting consideration of climate factors in national policy decisions on alternatives for development. The program has concentrated on developing methodologies for climate impact assessment and on reducing the risk of adverse climatic impacts on food systems and agriculture. UNEP has recognized that we need to learn much more about the regional impacts of greenhouse-gas-induced global warming before considering appropriate response strategies.

### Multilateral Cooperation

International meetings have been held and are planned to exchange information on various aspects of climate change. Nongovernmental meetings were held in Villach, Austria, and Bellagio, Italy, in 1985 and 1987 under the auspices of UNEP, ICSU, and WMO. The Canadian Government has announced a conference entitled "The Changing Atmosphere: Implications for Global Security," to be held in Toronto in June. Planning has begun for the Second World Climate Conference to be held in 1990.

We believe it is time for governments to take a hard look together at what we know and what we need to know about climate change and its potential impacts in order to provide governments with a sound consensus of scientific evidence from which policy options can be developed.

With this in mind, at last summer's meetings of the WMO Executive Council and UNEP Governing Council, the United States proposed, and the WMO and UNEP governing bodies adopted, resolutions calling for the two organizations to cooperate to establish an intergovernmental mechanism to assess the state of knowledge about the magnitude, timing, and potential impact of climate change. The UNEP Governing Council also called for UNEP's Executive Director to report to the next council meeting on the "full range of possible responses by governments and international organizations to anticipated climate change, including possibilities for reducing the rate of change."

The intergovernmental panel should not undertake scientific research itself or duplicate existing scientific co-operation mechanisms. Rather the objective of the panel is to see that there is an effective interface between the scientists and policymakers. We believe establishment of the panel will be an important step in enabling the international community to address the climate issue responsibly. We have urged that WMO and UNEP move ahead promptly with establishment of the panel.

### Bilateral Cooperation

In addition to the multilateral effort, the United States is actively engaged in bilateral cooperation in climate change research with the Soviet Union, China, Canada, India, Brazil, and France. These bilateral activities contribute to the multilateral effort.

The joint statement of the December U.S.-Soviet summit announced an initiative to pursue joint studies in global climate and environmental change under our bilateral environmental protection and space cooperation agreements. Planning for activities under the bilateral space agreement, which was signed just last April, will begin later this spring. We have carried out cooperative climate research with the Soviet Union since 1972 under the environmental protection agreement. Following up on the summit initiative, Environmental Protection Agency Administrator Lee Thomas and his Soviet counterpart signed in February a protocol to undertake more than 30 joint climate activities in the coming year. They agreed on preparation of a joint report on future climates and on a new activity to consider possible response strategies to climate change. This is a good example of the supportive relationship of our bilateral activities to the multilateral effort—the U.S.-Soviet report on future climates and on possible response strategies will make an important contribution to the multilateral assessment under WMO and UNEP auspices.

### International Study Efforts

Global warming and other aspects of climate change must also be seen in the context of the broader issue of global change. The ICSU is planning an international geosphere-biosphere program (IGBP), a major, long-term, multidisciplinary approach to assessing all aspects of global change. The IGBP will seek to gain an understanding of the interactive physical, chemical, and biological processes that regulate the total Earth system, the unique environmen

at it provides for life, the changes t are occurring in this system, and e manner in which they are influ- ced by human actions.

Many other specific programs and tivities address various aspects of cli- ate change. Ocean dynamics and cli- ate is one of the most important items the agenda of the Executive Council eeting of the Intergovernmental eanographic Commission (IOC), hich is taking place right now. The ganization for Economic Cooperation d Development (OECD) is initiating a ogram to evaluate long-term socio- conomic implications for OECD coun- es of potential global climate change d policy options for mitigating ef- cts. Efforts to preserve tropical for- ts will contribute to slowing issions of greenhouse gases. Many her international scientific and eco- mic activities impact on or are im- cted by climate change. But I believe is outline is sufficient to indicate the tent of the web of international forts which exist to further the effort understand, predict, and respond to tential climate change.

As reaffirmed in the Global Cli- ate Protection Act of 1987, the Secre- ry of State is responsible for ordination of those aspects of U.S. licy requiring action through the annels of multilateral diplomacy. As I ve described, we are working actively th bilaterally and multilaterally to ldress this issue.

It is imperative that we have co- rent domestic and international pol- ies to deal with the prospect of global imate change. Nationally as well as ternationally, it is essential that there an appropriate interface between the ience and policy. We are working osely with the Environmental Protec- on Agency and other concerned agen- es in formulating U.S. global climate olicies. As I have described, extensive ternational cooperative science pro- rams exist and expanded programs re planned. The WMO/UNEP inter- overnmental panel should provide an ppropriate international structure to elate the science to policy options.

Change—natural and man- nduced—is inevitable. We need the est possible understanding of that rocess of change to provide a foun- ation for national and international olicymaking.

[1]The complete transcript of the hear- ngs will be published by the committee nd will be available from the Superintend- nt of Documents, U.S. Government Print- ng Office, Washington, D.C. 20402.■

# International Activities in Science and Technology

## MESSAGE TO THE CONGRESS, MAR. 14, 1988[1]

In accordance with Title V of the Foreign Relations Authorizations Act for Fiscal Year 1979 (Public Law 95–426), I am transmitting the Administration's annual report on international activities in science and technology (S&T) for Fiscal Year 1987. The report reflects a U.S. commitment to international scientific and technological cooperation of impressive range and depth.

New breakthroughs in 1987 demonstrated the increasing importance of international cooperation in science and technology. The discovery of superconductivity at high temperatures has the potential to revolutionize the way we work and live; international agreement on a protocol concerning protection of the ozone layer was a major accomplishment which will benefit future generations.

Official, government-to-government science and technology cooperation, such as our highly successful cooperative programs with India and China, supports our foreign policy objectives, as well as the mission objectives of the domestic agencies involved. Through the space sciences and environmental agreements we engaged in practical cooperation with the Soviet Union, while the signing of an S&T agreement during the Vice President's September 1987 visit to Warsaw provided a visible signal of our desire to improve relations with Poland. Such international cooperation should provide positive science and technology benefits to involved domestic U.S. agencies commensurate with their cost.

United States preeminence in science and technology has been a major force in our leadership of the free world since World War II. Today we are putting new emphasis on assuring continued U.S. strength in science and technology in the years ahead. Employing science and technology to improve American industry's competitiveness is a major objective of this Administration. On April 10, 1987, I issued an Executive order to facilitate industry access to federally funded research and development and to assure more effective access by American researchers to developments in science and technology abroad. In negotiating new S&T agreements, we are seeking equitable access by American researchers to foreign research facilities, balance in the contributions and benefits for countries participating in the agreements, and assurance of protection for intellectual property rights.

We are working with our economic partners and allies to ensure that all industrialized countries make equitable contributions to the world scientific enterprise. We are negotiating with Japan to restructure our Head of State-level S&T agreement to reflect new realities, including Japan's prowess in science and technology.

In numerous developing countries, science and technology are instrumental in furthering U.S. foreign policy objectives. Agency for International Development-funded programs continue to produce major advances in the health sciences and increased global stability through improved agricultural output, while facilitating the entry of American vendors into overseas markets.

To implement the U.S.-Brazil Presidential S&T initiative announced in September 1986, a distinguished binational panel of scientific experts met twice during 1987 and identified priority areas of research for cooperative projects. The recommendations of that eminent panel will be considered by the U.S.-Brazil Joint Commission for an expanded program of cooperation, as envisioned in the 1986 initiative.

Impressive gains were made in Fiscal Year 1987 in utilizing our S&T relations to enhance America's defensive capabilities through increased foreign participation in the Strategic Defense Initiative and through other cooperative S&T activities, such as those carried out under NATO auspices. At the same time we have negotiated several agreements that significantly strengthen free-world efforts to control illicit transfer of advanced technology to potential adversaries.

Participation in international science and technology activities is vital to U.S. national security in the broadest sense. Science and technology can be a powerful force to enrich cooperative relations with friends and adversaries, as well as to strengthen our Nation's competitive posture in the economic arena. International cooperation can accelerate the rate of scientific discovery and the development of new technologies to meet the needs and challenges of the future. In many cases, the benefits of such cooperation accrue first to the partners in the joint effort, and such returns make it feasible to sustain a long-term commitment to cooperation. Ultimately, however, all the world's people are beneficiaries. I remain committed to the belief that international cooperation in S&T is vital to the future prosperity and security of our Nation and of the earth.

RONALD REAGAN

[1]Text from Weekly Compilation of Presidential Documents of Mar. 21, 1988. ■

# Agreements on Afghanistan

*Following are texts of statements by President Reagan and Secretary Shultz and the agreements concerning Afghanistan that were signed in Geneva on April 14, 1988.*

## PRESIDENT REAGAN, APR. 11, 1988

I've just received a briefing from my national security advisers on the contents of the proposed Geneva agreements on Afghanistan that would provide for the complete withdrawal of Soviet occupation forces from that country. I believe the United States can now join the Soviet Union as a guarantor of the Geneva instruments. I've, therefore, asked Secretary Shultz to represent us at a signing ceremony for the historic accords as scheduled to take place in Geneva later this week.

This development would not have been possible had it not been for the valiant struggle of the Afghan people to rid their country of foreign occupation. We take great pride in having assisted the Afghan people in this triumph, and they can count on our continued support.

We also pledge our continued friendship and support to the Government and people of Pakistan who have so generously hosted millions of Afghan refugees during this period of Soviet domination of Afghanistan.

## SECRETARY SHULTZ, APR. 11, 1988

The President has just announced what is a major national and international success in bringing about the removal of Soviet forces from Afghanistan and setting the conditions for a return of refugees in dignity and safety and for the development of a government of Afghanistan under the wishes of the people of Afghanistan.

I want to pay special tribute, as did the President, for the tremendous fighting ability of the people of Afghanistan to stand up for their rights and for Pakistan, whose heroic support for the people of Afghanistan and for the refugees has been genuinely magnificent.

From our standpoint, our objectives consistently over the 8 years of Soviet occupation have been: prompt and complete withdrawal of all Soviet forces; restoration of Afghanistan to independent nonaligned status; self-determination for Afghans; return of the refugees in safety and honor. Those have been our objectives, and those objectives have been registered year after year in overwhelming votes in the General Assembly of the United Nations.

Let me just describe very briefly to you the Geneva accords so you know what we're talking about. There are four documents. Instrument one is an undertaking by Pakistan and Afghanistan to manage their relationship on the basis of established priniciples of noninterference and nonaggression.

Instrument number two is a statement that will be signed by the United States and the Soviet Union as guarantors to respect the sovereignty of Pakistan and Afghanistan and the commitments that the two nations make in the first accord.

The third instrument is one dealing with refugees—their voluntary return and guarantees of their rights to full participation in the affairs of Afghanistan.

And instrument four, signed by Afghanistan and Pakistan and witnessed by the United States and the Soviet Union, is a statement of interrelationships that ties all of these together and provides for the Soviets to begin a phased troop withdrawal beginning on May 15th to withdraw 50% of their troops in the first 3 months—in other words, front-end loaded—and to complete the withdrawal of all troops by February 15, 1989.

I might say that when [Soviet] Foreign Minister Shevardnadze was here and we discussed this matter, he informed us that they expect to have completed this troop withdrawal by the end of 1988, and we will push for that and expect that.

I might say that this timetable has been negotiated down by Pakistan in a very strong way. Not long ago, it was a 4-year timetable, and now you see we're down to about 7½ months, in effect. So it's a reasonable timetable.

Now, as far as the U.S. commitments are concerned, we have insisted that before we would be a guarantor, that the obligations of guarantors must be symmetrical. Our preferred means was a statement on the part of ourselves and the Soviet Union that we each have the right to supply our friends in Afghanistan, but that we would have a moratorium on further supplies for a specified period of time. They haven't chosen to go along with that idea, and so we assert confidently our right to supply our friends in Afghanistan as we see the need to do so. Our sense of the need will be affected by whatever restraint we see on the part of the Soviets. I might say that we're confident that if we—as we do resupply, we will be able to do that.

Pakistan is basically the architect of these accords. They have bargained them out. I again salute them. They have been subjected to bombings, aircraft have violated their borders and their territory; and terrorists have operated in their cities. One-sixth of the internationally originating terrorist incidents last year occurred in Pakistan. So you see, their role in supporting the people of Afghanistan and making a home for the refugees has also been accompanied by a considerable stress, and they have stood up to that and deserve our admiration, and I'd say, particularly, President Zia and Prime Minister Junejo.

They have given their view that these accords are good. They have asked us to be a guarantor. So just as we have supported their efforts to shore up the resistance, we support this diplomatic move for early Soviet withdrawal.

As to the future, first of all, the withdrawal of Soviet troops is obvious not the end of the matter. Mr. Cordovez, the UN negotiator—in his personal capacity, has agreed to continue on a mediator, seeking an interim government, and we will fully support his efforts.

Undoubtedly, there will be a massive movement of refugees from outside Afghanistan into Afghanistan—by the millions—so there will be immense social dislocation and potential for suffering. We and others in the international community will want to do everything we can to ease that transition. We have urged the appointment of a special UN coordinator to oversee this effort, and

doubt, the UN High Commissioner Refugees will be strongly involved t.

I might say that in our view, the iet Union, having inflicted so much ering on the Afghan people, has a cial obligation to provide resources this resettlement.

We have stood by the Afghan peo- during these 8½ years, and we're pared to stand by them in the com- months, to help Afghans return e and begin to rebuild their lives their country.

## . STATEMENT, R. 14, 1988[1]

United States has agreed to act as uarantor of the political settlement he situation relating to Afghanistan. believe this settlement is a major forward in restoring peace to hanistan, in ending the bloodshed in t unfortunate country, and in ena- g millions of Afghan refugees to re- n to their homes.

In agreeing to act as a guarantor, United States states the following:

(1) The troop withdrawal obliga- is set out in paragraphs 5 and 6 of instrument on interrelationships central to the entire settlement. npliance with those obligations is ential to achievement of the settle- nt's purposes, namely, the ending of eign intervention in Afghanistan and restoration of the rights of the ghan people through the exercise of f-determination as called for by the ited Nations Charter and the United tions General Assembly resolutions Afghanistan.

(2) The obligations undertaken by guarantors are symmetrical. In this gard, the United States has advised Soviet Union that the U.S. retains right, consistent with its obliga- ns as guarantor, to provide military sistance to parties in Afghanistan. ould the Soviet Union exercise re- aint in providing military assistance parties in Afghanistan, the U.S. sim- rly will exercise restraint.

(3) By acting as a guarantor of the ttlement, the United States does not end to imply in any respect recogni- n of the present regime in Kabul as e lawful government of Afghanistan.

## SECRETARY SHULTZ, GENEVA, APR. 14, 1988[2]

History has been made today. For over 8 years, the Afghan people have suffered a brutal war that has brought unmeasurable death, dislocation, and destruction. The world community has long sought to remove the cause of this agony—the Soviet military occupation of Afghanistan. This effort has succeeded, and the Soviet Union is now committed to firm dates to commence and complete the withdrawal of its forces.

This achievement reflects, first and foremost, the courage and determination of the Afghan people, who have paid a very heavy price to recover their national independence. In this cause nearly 1 million precious lives have been sacrificed, and many millions of Afghans have spent years in exile.

But their accomplishment will enhance the security of all peoples, for their epic struggle is a timely reminder that a major power cannot impose its will by force of arms on even the smallest country when its citizens are united in their resistance. The stage has now been set for the Afghan people to determine their own future, free of Soviet forces, and for the refugees to return to their homes. It will be important for all concerned to assist the Afghans in their efforts to establish a government which reflects the will of the Afghan people. The present regime in Kabul does not do so, and we cannot regard it as legitimate.

On this day, we applaud the constancy of Pakistan in support of the Afghan cause. It has generously hosted millions of Afghan refugees on its territory; it has looked after their needs and provided them essential support—often in the face of coercive threats, military incursions, and terrorist acts—and it has vigorously and diligently pursued peace at the Geneva talks. I offer my congratulations to the Pakistani people, to President Zia, to Prime Minister Junejo, and to Minister of State Noorani for their part in this great achievement. It is a tribute to Pakistan's dedication, courage, and resolve.

For the community of nations, today's accomplishment demonstrates that concerted action can achieve results. The repeated calls of the UN General Assembly for Soviet withdrawal and the astute and persistent efforts of the Secretary General of the United Nations and his personal representative have borne fruit. Once again, the importance of the United Nations and of the principles of the Charter in the settlement of international disputes has been reaffirmed. I want particularly to commend the patience and perseverance of Diego Cordovez. As the personal representative of the Secretary General, he has played a central role in this negotiation.

We also welcome the decisions of the Soviet leadership, which have contributed to this achievement. The presence of Soviet forces in Afghanistan has been an affront to the world community and a major burden to Soviet-American relations. The faithful implementation of the withdrawal commitment embodied in the accords signed today will do much to improve the atmosphere for our bilateral relations and for the resolution of other regional conflicts.

The United States has associated itself with this settlement because we believe it will open the way to the restoration of Afghan control over Afghanistan. We have supported the Afghan cause with determination, and we will continue to do so. We will maintain our humanitarian aid to the Afghans. And we will do what we can to contribute to reconciliation and reconstruction in Afghanistan.

It is our hope that the Soviet Union will contribute to this process by ending the flow of arms to its client regime in Kabul. But we have made clear to Soviet leaders that, consistent with our obligations as guarantor, it is our right to provide military aid to the resistance. We are ready to exercise that right, but we are prepared to meet the restraint with restraint.

Today we have taken the first step toward a more secure future for the Afghan people. But much remains to be done, and we cannot rest until the promises of this day are fully realized. First, Soviet forces must withdraw completely. Second, all concerned must make a major effort to facilitate resettlement and reconstruction. And at the same time, a government that legitimately reflects the will of the Afghan people must be established.

Today's promise must become tomorrow's success. In collaboration with the agencies of the United Nations and the many friends of Afghanistan, we are ready to do our part.

## TEXT OF AGREEMENTS, APR. 14, 1988

### Bilateral Agreement Between the Republic of Afghanistan and the Islamic Republic of Pakistan on the Principles of Mutual Relations, in particular on Non-Interference and Non-Intervention

The Republic of Afghanistan and the Islamic Republic of Pakistan, hereinafter referred to as the High Contracting Parties,

Desiring to normalize relations and promote good-neighbourliness and co-operation as well as to strengthen international peace and security in the region,

Considering that full observance of the principle of non-interference and non-intervention in the internal and external affairs of States is of the greatest importance for the maintenance of international peace and security and for the fulfillment of the purposes and principles of the Charter of the United Nations,

Reaffirming the inalienable right of States freely to determine their own political, economic, cultural and social systems in accordance with the will of their peoples, without outside intervention, interference, subversion, coercion or threat in any form whatsoever,

Mindful of the provisions of the Charter of the United Nations as well as the resolutions adopted by the United Nations on the principle of non-interference and non-intervention, in particular the Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations, of 24 October 1970, as well as the Declaration on the Inadmissibility of Intervention and Interference in the Internal Affairs of States, of 9 December 1981,

Have agreed as follows:

#### Article I

Relations between the High Contracting Parties shall be conducted in strict compliance with the principle of non-interference and non-intervention by States in the affairs of other States.

#### Article II

For the purpose of implementing the principle of non-interference and non-intervention each High Contracting Party undertakes to comply with the following obligations:

(1) to respect the sovereignty, political independence, territorial integrity, national unity, security and non-alignment of the other High Contracting Party, as well as the national identity and cultural heritage of its people;

(2) to respect the sovereign and inalienable right of the other High Contracting Party freely to determine its own political, economic, cultural and social systems, to develop its international relations and to exercise permanent sovereignty over its natural resources, in accordance with the will of its people, and without outside intervention, interference, subversion, coercion or threat in any form whatsoever;

(3) to refrain from the threat or use of force in any form whatsoever so as not to violate the boundaries of each other, to disrupt the political, social or economic order of the other High Contracting Party, to overthrow or change the political system of the other High Contracting Party or its Government, or to cause tension between the High Contracting Parties;

(4) to ensure that its territory is not used in any manner which would violate the sovereignty, political independence, territorial integrity and national unity or disrupt the political, economic and social stability of the other High Contracting Party;

(5) to refrain from armed intervention, subversion, military occupation or any other form of intervention and interference, overt or covert, directed at the other High Contracting Party, or any act of military, political or economic interference in the internal affairs of the other High Contracting Party, including acts of reprisal involving the use of force;

(6) to refrain from any action or attempt in whatever form or under whatever pretext to destabilize or to undermine the stability of the other High Contracting Party or any of its institutions;

(7) to refrain from the promotion, encouragement or support, direct or indirect, of rebellious or secessionist activities against the other High Contracting Party, under any pretext whatsoever, or from any other action which seeks to disrupt the unity or to undermine or subvert the political order of the other High Contracting Party;

(8) to prevent within its territory the training, equipping, financing and recruitment of mercenaries from whatever origin for the purpose of hostile activities against the other High Contracting Party, or the sending of such mercenaries into the territory of the other High Contracting Party and accordingly to deny facilities, including nancing for the training, equipping a transit of such mercenaries;

(9) to refrain from making any agreements or arrangements with other States designed to intervene or interfere in the internal and external affairs of the other High Contracting Party;

(10) to abstain from any defamat campaign, vilification or hostile propa ganda for the purpose of intervening interfering in the internal affairs of t other High Contracting Party;

(11) to prevent any assistance to use of or tolerance of terrorist groups saboteurs or subversive agents agains the other High Contracting Party;

(12) to prevent within its territor the presence, harbouring, in camps a bases or otherwise, organizing, training, financing, equipping and arming individuals and political, ethnic and a other groups for the purpose of creating subversion, disorder or unrest in the territory of the other High Contracting Party and accordingly also t prevent the use of mass media and th transportation of arms, ammunition a equipment by such individuals and groups;

(13) not to resort to or to allow a other action that could be considered interference or intervention.

#### Article III

The present Agreement shall enter in force on 15 May 1988.

#### Article IV

Any steps that may be required in order to enable the High Contracting Parties to comply with the provisions Article II of this Agreement shall be completed by the date on which this Agreement enters into force.

#### Article V

This Agreement is drawn up in the English, Pashtu and Urdu languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

Done in five original copies at Ge eva this fourteenth day of April 1988.[3]

FOR THE GOVERNMENT OF THE REPUBLIC OF AFGHANISTAN

Abdul Wakil
[Minister of Foreign Affairs]

R THE GOVERNMENT OF THE
LAMIC REPUBLIC OF PAKISTAN

ZAIN NOORANI
[Minister of State
for Foreign Affairs]

**Declaration on International Guarantees**

The Governments of the United States of America and of the Union of Soviet Socialist Republics,

Expressing support that the Republic of Afghanistan and the Islamic Republic of Pakistan have concluded a negotiated political settlement designed to normalize relations and promote good-neighbourliness between the two countries as well as to strengthen international peace and security in the region;

Wishing in turn to contribute to the achievement of the objectives that the Republic of Afghanistan and the Islamic Republic of Pakistan have set themselves, and with a view to ensuring respect for their sovereignty, independence, territorial integrity and non-alignment;

Undertake to invariably refrain from any form of interference and intervention in the internal affairs of the Republic of Afghanistan and the Islamic Republic of Pakistan and to respect the commitments contained in the bilateral agreement between the Republic of Afghanistan and the Islamic Republic of Pakistan on the Principles of Mutual Relations, in particular on Non-interference and Non-Intervention;

Urge all States to act likewise.

The present Declaration shall enter into force on 15 May 1988.

Done at Geneva, this fourteenth day of April 1988 in five original copies, each in the English and Russian languages, both texts being equally authentic.

OR THE GOVERNMENT OF THE
NITED STATES OF AMERICA

GEORGE P. SHULTZ

OR THE GOVERNMENT
F THE UNION OF SOVIET
OCIALIST REPUBLICS

EDUARD SHEVARDNADZE

**Bilateral Agreement between the Republic of Afghanistan and the Islamic Republic of Pakistan on the Voluntary Return of Refugees**

The Republic of Afghanistan and the Islamic Republic of Pakistan, hereinafter referred to as the High Contracting Parties,

Desiring to normalize relations and promote good-neighbourliness and co-operation as well as to strengthen international peace and security in the region,

Convinced that voluntary and unimpeded repatriation constitutes the most appropriate solution for the problem of Afghan refugees present in the Islamic Republic of Pakistan and having ascertained that the arrangements for the return of the Afghan refugees are satisfactory to them,

Have agreed as follows:

ARTICLE I

All Afghan refugees temporarily present in the territory of the Islamic Republic of Pakistan shall be given the opportunity to return voluntarily to their homeland in accordance with the arrangements and conditions set out in the present Agreement.

ARTICLE II

The Government of the Republic of Afghanistan shall take all necessary measures to ensure the following conditions for the voluntary return of Afghan refugees to their homeland:

(a) All refugees shall be allowed to return in freedom to their homeland;

(b) All returnees shall enjoy the free choice of domicile and freedom of movement within the Republic of Afghanistan;

(c) All returnees shall enjoy the right to work, to adequate living conditions and to share in the welfare of the State;

(d) All returnees shall enjoy the right to participate on an equal basis in the civic affairs of the Republic of Afghanistan. They shall be ensured equal benefits from the solution of the land question on the basis of the Land and Water Reform;

(e) All returnees shall enjoy the same rights and privileges, including freedom of religion, and have the same obligations and responsibilities as any other citizens of the Republic of Afghanistan without discrimination.

The Government of the Republic of Afghanistan undertakes to implement these measures and to provide, within its possibilities, all necessary assistance in the process of repatriation.

ARTICLE III

The Government of the Islamic Republic of Pakistan shall facilitate the voluntary, orderly and peaceful repatriation of all Afghan refugees staying within its territory and undertakes to provide, within its possibilities, all necessary assistance in the process of repatriation.

ARTICLE IV

For the purpose of organising, coordinating and supervising the operations which should effect the voluntary, orderly and peaceful repatriation of Afghan refugees, there shall be set up mixed commissions in accordance with the established international practice. For the performance of their functions the members of the commissions and their staff shall be accorded the necessary facilities, and have access to the relevant areas within the territories of the High Contracting Parties.

ARTICLE V

With a view to the orderly movement of the returnees, the commissions shall determine frontier crossing points and establish necessary transit centres. They shall also establish all other modalities for the phased return of refugees, including registration and communication to the country of return of the names of refugees who express the wish to return.

ARTICLE VI

At the request of the Governments concerned, the United Nations High Commissioner for Refugees will cooperate and provide assistance in the process of voluntary repatriation of refugees in accordance with the present Agreement. Special agreements may be concluded for this purpose between UNHCR and the High Contracting Parties.

ARTICLE VII

The present Agreement shall enter into force on 15 May 1988. At that time the mixed commissions provided in Article IV shall be established and the operations for the voluntary return of refugees under this Agreement shall commence.

The arrangements set out in Articles IV and V above shall remain in effect for a period of eighteen months. After that period the High Contracting Parties shall review the results of the repatriation and, if necessary, consider any further arrangements that may be called for.

ARTICLE VIII

This Agreement is drawn up in the English, Pashtu, and Urdu languages, all texts being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

Done in five original copies at Geneva this fourteenth day of April 1988.[3]

FOR THE GOVERNMENT OF THE REPUBLIC OF AFGHANISTAN

ABDUL WAKIL

FOR THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

ZAIN NOORANI

**Agreement on the Interrelationships for the Settlement of the Situation Relating to Afghanistan**

1. The diplomatic process initiated by the Secretary-General of the United Nations with the support of all Governments concerned and aimed at achieving, through negotiations, a political settlement of the situation relating to Afghanistan has been successfully brought to an end.

2. Having agreed to work towards a comprehensive settlement designed to resolve the various issues involved and to establish a framework for good-neighbourliness and co-operation, the Government of the Republic of Afghanistan and the Government of the Islamic Republic of Pakistan entered into negotiations through the intermediary of the Personal Representative of the Secretary-General at Geneva from 16 to 24 June 1982. Following consultations held by the Personal Representative in Islamabad, Kabul and Teheran from 21 January to 7 February 1983, the negotiations continued at Geneva from 11 to 22 April and from 12 to 24 June 1983. The Personal Representative again visited the area for high level discussions from 3 to 15 April 1984. It was then agreed to change the format of the negotiations and, in pursuance thereof, proximity talks through the intermediary of the Personal Representative were held at Geneva from 24 to 30 August 1984. Another visit to the area by the Personal Representative from 25 to 31 May 1985 preceded further rounds of proximity talks held at Geneva from 20 to 25 June, from 27 to 30 August and from 16 to 19 December 1985. The Personal Representative paid an additional visit to the area from 8 to 18 March 1986 for consultations. The final round of negotiations began as proximity talks at Geneva on 5 May 1986, was suspended on 23 May 1986, and was resumed from 31 July to 8 August 1986. The Personal Representative visited the area from 20 November to 3 December 1986 for further consultations and the talks at Geneva were resumed again from 25 February to 9 March 1987, and from 7 to 11 September 1987. The Personal Representative again visited the area from 18 January to 9 February 1988 and the talks resumed at Geneva from 2 March to 8 April 1988. The format of the negotiations was changed on 14 April 1988, when the instruments comprising the settlement were finalized, and, accordingly, direct talks were held at that stage. The Government of the Islamic Republic of Iran was kept informed of the progress of the negotiations throughout the diplomatic process.

3. The Government of the Republic of Afghanistan and the Government of the Islamic Republic of Pakistan took part in the negotiations with the expressed conviction that they were acting in accordance with their rights and obligations under the Charter of the United Nations and agreed that the political settlement should be based on the following principles of international law:

- The principle that States shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the purposes of the United Nations;
- The principle that States shall settle their international disputes by peaceful means in such a manner that international peace and security and justice are not endangered;
- The duty not to intervene in matters within the domestic jurisdiction of any State, in accordance with the Charter of the United Nations;
- The duty of States to co-operate with one another in accordance with the Charter of the United Nations;
- The principle of equal rights and self-determination of peoples;
- The principle of sovereign equal ity of States;
- The principle that States shall fulfill in good faith the obligations assumed by them in accordance with th Charter of the United Nations.

The two Governments further affirmed the right of the Afghan refuge to return to their homeland in a volur tary and unimpeded manner.

4. The following instruments wer concluded on this date as component parts of the political settlement:

A Bilateral Agreement between the Republic of Afghanistan and the Islamic Republic of Pakistan on the Principles of Mutual Relations, in par ticular on Non-interference and Non-intervention;

A Declaration on International Guarantees by the United States of America and the Union of Soviet Socialist Republics;

A Bilateral Agreement between the Republic of Afghanistan and the I lamic Republic of Pakistan on the Vol untary Return of Refugees;

The present Agreement on the Ir terrelationships for the Settlement of the Situation Relating to Afghanistan

5. The Bilateral Agreement on the Principles of Mutual Relations, in particular on Non-interference and Non-intervention; the Declaration on International Guarantees; the Bilater Agreement on the Voluntary Return Refugees; and the present Agreement on the Interrelationships for the Settlement of the Situation Relating to Afghanistan will enter into force on 1 May 1988. In accordance with the tim frame agreed upon between the Republic of Afghanistan and the Union o Soviet Socialist Republics there will b a phased withdrawal of the foreign troops which will start on the date of entry into force mentioned above. One half of the troops will be withdrawn b 15 August 1988 and the withdrawal of all troops will be completed within nine months.

6. The interrelationships in paragraph 5 above have been agreed upon order to achieve effectively the purpos of the political settlement, namely, tha as from 15 May 1988, there will be no interference and intervention in any form in the affairs of the Parties; the international guarantees will be in operation; the voluntary return of the re ugees to their homeland will start and be completed within the timeframe specified in the agreement on the voluntary return of the refugees; and the

sed withdrawal of the foreign troops
start and be completed within the
eframe envisaged in paragraph 5. It
herefore essential that all the obli-
ons deriving from the instruments
cluded as component parts of the
element be strictly fulfilled and that
he steps required to ensure full
pliance with all the provisions of
instruments be completed in good
h.

7. To consider alleged violations
to work out prompt and mutually
sfactory solutions to questions that
arise in the implementation of the
ruments comprising the settlement
resentatives of the Republic of
hanistan and the Islamic Republic of
istan shall meet whenever required.

A representative of the Secretary-
eral of the United Nations shall
l his good offices to the Parties and
hat context he will assist in the or-
ization of the meetings and partici-
e in them. He may submit to the
ties for their consideration and ap-
val suggestions and recommenda-
s for prompt, faithful and complete
ervance of the provisions of the
ruments.

In order to enable him to fulfill
tasks, the representative shall be
isted by such personnel under his
hority as required. On his own
iative, or at the request of any of
Parties, the personnel shall investi-
e any possible violations of any of
provisions of the instruments and
pare a report thereon. For that pur-
e, the representative and his per-
nel shall receive all the necessary
operation from the Parties, including
freedom of movement within their
pective territories required for effec-
e investigation. Any report submit-
by the representative to the two
vernments shall be considered in a
eting of the Parties no later than
ty-eight hours after it has been
mitted.

The modalities and logistical ar-
ngements for the work of the repre-
ntative and the personnel under his
thority as agreed upon with the Par-
s are set out in the Memorandum of
derstanding which is annexed to and
part of this Agreement.

8. The present instrument will be
gistered with the Secretary-General
the United Nations. It has been ex-
ined by the representatives of the
rties to the bilateral agreements and
the States-Guarantors, who have sig-
fied their consent with its provisions.

The representatives of the Parties, being duly authorized thereto by their respective Governments, have affixed their signatures hereunder. The Secretary-General of the United Nations was present.

Done, at Geneva, this fourteenth day of April 1988, in five original copies each in the English, Pashtu, Urdu, and Russian languages, all being equally authentic. In case of any dispute regarding the interpretation the English text shall prevail.[3]

FOR THE GOVERNMENT OF THE REPUBLIC OF AFGHANISTAN

ABDUL WAKIL

FOR THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

ZAIN NOORANI

In witness thereof, the representatives of the States-Guarantors affixed their signatures hereunder:

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA

GEORGE P. SHULTZ

FOR THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS

EDUARD SHEVARDNADZE

## ANNEX

### Memorandum of Understanding

#### I. Basic requirements

(a) The Parties will provide full support and co-operation to the Representative of the Secretary-General and to all the personnel assigned to assist him;

(b) The Representative of the Secretary-General and his personnel will be accorded every facility as well as prompt and effective assistance, including freedom of movement and communications, accommodation, transportation and other facilities that may be necessary for the performance of their tasks. Afghanistan and Pakistan undertake to grant to the Representative and his staff all the relevant privileges and immunities provided for by the Convention on the Privileges and Immunities of the United Nations.

(c) Afghanistan and Pakistan will be responsible for the safety of the Representative of the Secretary-General and his personnel while operating in their respective countries.

(d) In performing their functions, the Representative of the Secretary-General and his staff will act with complete impartiality. The Representative of the Secretary-General and his personnel must not interfere in the internal affairs of Afghanistan and Pakistan and, in this context, cannot be used to secure advantages for any of the Parties concerned.

#### II. Mandate

The mandate for the implementation-assistance arrangements envisaged in paragraph 7 derives from the instruments comprising the settlement. All the staff assigned to the Representative of the Secretary-General will accordingly be carefully briefed on the relevant provisions of the instruments and on the procedures that will be used to ascertain violations thereof.

#### III. Modus operandi and personnel organization

The Secretary-General will appoint a senior military officer as Deputy to the Representative, who will be stationed in the area, as head of two small headquarters units, one in Kabul and the other in Islamabad, each comprising five military officers, drawn from existing United Nations operations, and a small civilian auxiliary staff.

The Deputy to the Representative of the Secretary-General will act on behalf of the Representative and be in contact with the Parties through the Liaison Officer each Party will designate for this purpose.

The two headquarters units will be organized into two Inspection Teams to ascertain on the ground any violation of the instruments comprising the settlement. Whenever considered necessary by the Representative of the Secretary-General or his Deputy, up to 40 additional military officers (some 10 additional Inspection Teams) will be redeployed from existing operations within the shortest possible time (normally around 48 hours).

The nationalities of all the Officers will be determined in consultation with the Parties.

Whenever necessary the Representative of the Secretary-General, who will periodically visit the area for consultations with the Parties and to review the work of his personnel, will also assign to the area members of his own Office and other civilian personnel from the United Nations Secretariat as

may be needed. His Deputy will alternate between the two headquarters units and will remain at all times in close communication with him.

### IV. Procedure

(a) *Inspections conducted at the request of the Parties*

(i) A complaint regarding a violation of the instruments of the settlement lodged by any of the Parties should be submitted in writing, in the English language, to the respective headquarters units and should indicate all relevant information and details.

(ii) Upon receipt of a complaint the Deputy to the Representative of the Secretary-General will immediately inform the other Party of the complaint and undertake an investigation by making on-site inspections, gathering testimony and using any other procedure which he may deem necessary for the investigation of the alleged violation. Such inspection will be conducted using headquarters staff as referred to above, unless the Deputy Representative of the Secretary-General considers that additional teams are needed. In that case, the Parties will, under the principle of freedom of movement, allow immediate access of the additional personnel to their respective territories.

(iii) Reports on investigations will be prepared in English and submitted by the Deputy Representative of the Secretary-General to the two Governments, on a confidential basis. (A third copy of the Report will be simultaneously transmitted, on a confidential basis, to United Nations Headquarters in New York, exclusively for the information of the Secretary-General and his Representative.) In accordance with paragraph 7 a report on an investigation should be considered in a meeting of the Parties not later than 48 hours after it has been submitted. The Deputy Representative of the Secretary-General will, in the absence of the Representative, lend his good offices to the Parties and in that context he will assist in the organization of the meetings and participate in them. In the context of those meetings the Deputy Representative of the Secretary-General may submit to the Parties for their consideration and approval suggestions and recommendations for the prompt, faithful and complete observance of the provisions of the instruments. (Such suggestions and recommendations will be, as a matter of course, consulted with, and cleared by the Representative of the Secretary-General.)

(b) *Inspections conducted on the initiative of the Deputy Representative of the Secretary-General*

In addition to inspections requested by the Parties, the Deputy Representative of the Secretary-General may carry out on his own initiative and in consultation with the Representative inspections he deems appropriate for the purpose of the implementation of paragraph 7. If it is considered that the conclusions reached in an inspection justify a report to the Parties, the same procedure used in submitting reports in connection with inspections carried out at the request of the Parties will be followed.

### Level of participation in meetings

As indicated above, the Deputy Representative of the Secretary-General will participate at meetings of the Parties convened for the purpose of considering reports on violations. Should the Parties decide to meet for the purpose outlined in paragraph 7 at a high political level, the Representative of the Secretary-General will personally attend such meetings.

### V. Duration

The Deputy to the Representative of the Secretary-General and the other personnel will be established in the area not later than twenty days before the entry into force of the instruments. The arrangements will cease to exist two months after the completion of all timeframes envisaged for the implementation of the instruments.

### VI. Financing

The cost of all facilities and services to be provided by the Parties will be borne by the respective Governments. The salaries and travel expenses of the personnel to and from the area, as well as the costs of the local personnel assigned to the headquarters units, will be defrayed by the United Nations.

[1]This official U.S. statement of April 14, 1988, was transmitted by Secretary Shultz to UN Secretary General Perez de Cuellar and circulated to the other parties by the United Nations in connection with signature of the Geneva instruments.

[2]Press release 68 of Apr. 15, 1988.

[3]Separate signature pages were used for this instrument.■

## Afghanistan Day, 1988

### PROCLAMATION 5778, MAR. 21, 1988[1]

March 21 marks the beginning of a new year in a bitter decade for the people of Afghanistan. This may well be a climacti year, and we hope with the Afghan peop that it will see the complete withdrawal Soviet troops and self-determination for the people of Afghanistan. For more tha years, the courageous Afghans have suffered and died under the boot of the Sov Army, which invaded to prop up an illeg mate, unrepresentative, and discredited gime. Let us take this occasion, therefo to remember the sorrow and to salute tl heroism of the Afghan people. They have fought valiantly and against heavy odds free themselves from the yoke of oppres sion—from assaults on their liberty, the sovereignty, their dignity, their lives, ar their very way of life.

It now appears possible that the ten ity and tremendous sacrifices of the Afghan people will bear fruit in the com period. The Soviet leadership seems to have finally recognized that the will of tl Afghan people to be free cannot be brok Indications of Soviet willingness to with draw are an important step forward, though their seriousness can be proven only by the actual, and total, removal of Soviet troops from Afghan soil. To be ac ceptable, Soviet withdrawal must be cor plete, irreversible, and verifiable.

Our objectives have been and remai prompt and complete withdrawal of Sovi forces; restoration of Afghanistan to an independent, nonaligned status; self-determination for the Afghans; and retu of refugees in safety and honor. I reiterated this commitment and our support fc the brave Afghan *mujahidin* in my meet ing last November with Afghan alliance leader Yunis Khalis. I said the same to General Secretary Gorbachev last December.

The U.S. Government has also repea edly told the Soviet leadership that any guarantees of noninterference that they and we would undertake must be symmetrical. An agreement at Geneva must not serve as a pretext for continued Sovi military support to the discredited minor ity Kabul regime. Some 120 members of the United Nations have voted year after year for self-determination in Afghanista recognizing that the present government Kabul does not represent the Afghan pe ple but is a direct result of outside interference. The *mujahidin* and the refugees are the true voice of the Afghan people.

I am proud of the strong support pro-
d the Afghan cause over the past 7
rs by my Administration, by the U.S.
gress, and by the American people.
commitment to the freedom of the
han people will not end should the So-
s withdraw. We will join other nations
international organizations to help the
hans rebuild their country and their in-
tions; millions of men, women, and
dren will be returning to a country dev-
ted by Soviet aggression.

The United States has consistently
ported the Afghans in their long or-
. That support will continue. We will
ice with them when true peace is
eved and Afghanistan once again
es its rightful place in the community
ations. Let us pray and strive to make
that this moment of liberation will
e soon.

NOW, THEREFORE, I, RONALD
AGAN, President of the United States of
erica, by virtue of the authority vested
e by the Constitution and laws of the
ted States, do hereby proclaim March
1988, as Afghanistan Day. I call upon
people of the United States to observe
day with appropriate ceremonies and
vities.

IN WITNESS WHEREOF, I have here-
o set my hand this 21st day of March, in
year of our Lord nineteen hundred and
nty-eight, and of the Independence of
United States of America the two hun-
d and twelfth.

RONALD REAGAN

[1]Text from Weekly Compilation of
sidential Documents of Mar. 28, 1988. ■

# U.S. Antiterrorism Assistance Program

*by L. Paul Bremer, III*

*Statement before the Subcommittee on Foreign Operations of the House Appropriations Committee on April 13, 1988. Mr. Bremer is Ambassador at Large for Counter-Terrorism.*[1]

Thank you for the opportunity to appear in support of the Administration's appropriation request for the antiterrorism assistance program.

I would like to give the committee an overview of the current worldwide terrorism situation, detail our government's three-part counterterrorism policy, and explain the critical role that the antiterrorism assistance program plays in our counterterrorism efforts.

### Progress in Reducing Terrorism

We have made progress in the last 2 years in our fight against international terrorism. From 1986 to 1987, the number of anti-U.S. attacks worldwide dropped by 25%. The number of Americans killed by terrorists fell from 38 two years ago to 7 in 1987. International terrorism in Latin America decreased by 32%, and in Europe it fell 31% in the past 2 years. There was only one terrorist hijacking last year, the lowest number since we began keeping track 20 years ago. Unfortunately, there has already been one bloody international hijacking this year.

The effort to use the rule of law to punish terrorists also advanced in 1987. In France, Georges Ibrahim Abdallah was sentenced to a life term for his part in the assassinations of an American military attache and an Israeli diplomat and the attempted assassination of the American charge d'affaires. In the Federal Republic of Germany, Abbas Hamadi is currently on trial for kidnapping a German businessman, and his brother Mohammed Hamadi will be tried shortly for air piracy and the murder of U.S. Navy diver Robert Stethem committed during the hijacking of TWA #847. Here in Washington, another Lebanese terrorist, Fawaz Younis, awaits trial on charges that he held American citizens hostage when he led the hijacking in 1985 of a Royal Jordanian Airlines flight.

In Italy, Abu Abbas was tried *in absentia* and sentenced to life imprisonment for his role in hijacking the *Achille Lauro*. Abu Abbas directed that terrorist operation, which led to the murder of 69-year old Leon Klinghoffer in his wheelchair. We applaud the vigor with which the Italian Government pursued the case against Abu Abbas after his complicity became clear.

Some have said that the United States exonerated Abu Abbas when the Justice Department recently dropped its warrant for his arrest. Nothing could be further from the truth. The Justice Department's decision reflects its analysis that the admissible—and I want to stress admissible—evidence currently available was insufficient to prosecute Abu Abbas successfully under U.S. law. The evidence that I have seen—even though some of it is not admissible—is completely convincing.

I have no doubt of his guilt and believe the Italian sentence appropriate. Our government would like to see Abu Abbas brought to justice and is ready to do all it can to make that happen.

Terrorists are also finding it harder to hide. Colonel Hawari, the infamous leader of the special operations group of the Palestine Liberation Organization (PLO), was expelled from Iraq in June 1987. When he subsequently entered Yugoslavia illegally, he was expelled from that nation. Last year, Syria expelled the Abu Nidal Organization from Damascus under pressure from Western nations, including the United States. The notorious Syrian Qassar brothers, dealers in drugs and terrorism, were kicked out of Spain, Austria, and Bulgaria in 1987.

While these developments are encouraging, the fight against terrorism is far from over. Indeed, there were more international terrorist incidents last year than in any previous year; 1987 was also the bloodiest year—over 2,000 persons were wounded and more than 600 died in terrorist attacks. These figures can be largely explained by the enormous increase in state-sponsored terrorism conducted by the Government of Afghanistan in Pakistan.

**Afghan Terrorism Dominates 1987 Record.** Last year, the regime in Kabul and, by extension, its Soviet backers drastically escalated its unprecedented campaign of terror in Pakistan. This campaign to change Pakistan's principled support of Afghan self-determination involved at least 128 separate bombing incidents. Fully one-third of all deaths around the world from terrorism last year and 45% of all injuries were caused by this campaign. Had it not been for Kabul's cynical attempt to shut off Pakistan's support for the *mujahidin*, the number of worldwide terrorist attacks would have declined significantly in 1987.

**North Korea Threatens Olympics.** The single most disgusting terrorist incident of 1987 was North Korea's mid-flight bombing of Korean Air #858 which killed 115 persons. This clear-cut example of state terrorism involved a bomb attack on a civilian airliner for which the attackers trained over a period of years. North Korean involvement in this incident is well-documented. Since January, when evidence developed proving North Korea's sponsorship of the destruction of Korean Air #858, South Korea, the United States, and other nations have been active in generating world condemnation of North Korea's role in this incident. In the last 2 months, there have been full reviews of this matter in the UN Security Council and at the International Civil Aviation Organization (ICAO) council meeting in Montreal.

We must be concerned about the continuing possibility that North Korea or some other country or group will resort to terrorism to disrupt the forthcoming Olympic Games in Seoul. Our government is working closely with the Government of South Korea to prevent this. The United States is providing training, expediting the exchange of intelligence, increasing its own security presence, and taking a number of other steps to help reduce the likelihood of a terrorist incident before or during the games.

**Iranian Terrorism Increasing.** Iranian leaders continue to view terrorism as a legitimate foreign policy instrument. Tehran uses terrorism selectively and skillfully in coordination with conventional diplomacy and military tactics. Tehran has tried to use terrorism to intimidate Persian Gulf rulers into ending their aid to Baghdad, to drive U.S. and French influence from the region, and to kill opponents of the regime. Tehran used the threat of terrorism, along with attacks on gulf shipping, in a vain attempt to discourage Kuwait and other moderate Arab gulf states from supporting the U.S. reflagging effort.

We estimate that the Iranian regime was involved in 87 terrorist incidents during the last 3 years; 40 of these were in 1987. These include attacks by Iranian-backed saboteurs against major Kuwaiti oil installations, smaller bombings of Kuwait's urban areas, assassinations of anti-regime Iranian dissidents living abroad, and various attacks inside Iraq.

Lebanon has been the scene of much Iranian-sponsored terrorism. As part of its effort to create an Islamic republic in Lebanon, Tehran provides significant economic and operational support to Hizballah which is responsible for the kidnapping and detention of American and other Western hostages.

**Syria Reduces Support.** We believe that Syria has been involved in about 40 terrorist incidents since 1985. Syria has, however, taken several steps in the last 18 months which suggest that it may be lessening its support for terrorism. Last summer, for example, Syria expelled all known Abu Nidal terrorists. We have no clear evidence of direct involvement by the Syrian Government in any act of international terrorism during the past 18 months. We are pleased at this progress, although we still have strong concerns about Syrian support for terrorism. Syria continues to harbor many terrorist groups in Damascus and allows terrorist training camps to operate in Lebanon's Bekka Valley, which is under Syrian control.

**Libya Remains Active.** Col. Qadhafi has been responsible for at least 39 major terrorist incidents since 1985. Although Libyan-sponsored terrorist actions are down sharply since our bombing in April 1986, Libyan agents are active throughout the world.

- In May of last year, Australia closed the Libyan People's Bureau, citing concern over "clandestine activity."
- Attempts were made to assassinate Libyan dissidents in Athens, Rome, and Vienna during 1987. In Vienna a court found a Libyan, who was in contact with his embassy, guilty of attempted murder of a dissident and sentenced him to 10 years in prison.
- In October the French seized a shipment of arms from Libya bound the provisional wing of the Irish Republican Army. The 150 tons of weap constituted the largest terrorist arm shipment ever intercepted.
- Switzerland expelled three Libyans in November for planning assassinations.
- In February the Government o Senegal arrested three Libyans carr ing explosives, detonators, firing devices, fuses, weapons, and false passports. These devices had been o tained with the complicity of the Lib yan People's Bureau in a neighboring West African state.

Qadhafi thus remains a danger. cently, however, evidence has emerg indicating that at least some Europe governments are weakening their resolve to keep the pressure on Libya. assure the committee that our gover ment is doing all that it can to make sure that other governments continu their effective measures against Lib terrorism.

**Hostage-Taking Continues.** Hostage-taking in Lebanon continue be a critical problem. There are now foreigners held hostage, including ni Americans. There were a number of disturbing developments last year.

**First**, the kidnappings continue. While some hostages were released, others were taken.

**Second**, terrorists continue to s hostages with the intent of influenci the hostage's native country—as in t case of the kidnapping of two Germa to prevent the extradition to the Uni States of a notorious Lebanese terrorist.

**Third**, people working for UN o ganizations have been kidnapped for the first time. And, for the first tim terrorists have targeted dual nationa for kidnapping.

**Finally**, and perhaps most unfor nately, a number of governments and corporations have paid ransom or ma other concessions to secure the relea of hostages. This practice, while it m secure the release of an individual h tage or two, condemns the world to a continuation of hostage-taking and makes the task of securing the freed of American hostages even more diffi cult. Our government has made clear publicly and privately, that we will n make concessions to free hostages, and we discourage other nations fro doing so.

**erica's Counterterrorism Policy**

government has developed a comnensive strategy to respond to the tifaceted problem of international rorism. And our strategy has conuted to the recent successes in ting terrorism.

**Firmness Toward Terrorists.** The t element of our strategy is firmness ard terrorists. If we pay ransom, if release prisoners, if we change our cies—or if we encourage other govments to do so—we simply encour- more terrorism.

Some may accuse us of hypocrisy in v of some of our efforts several rs ago to secure the release of erican hostages. Those efforts aged the credibility of our "nocessions" policy. But as the Presit and other top officials have made r over the past 18 months, we will repeat those mistakes. We have ned well the sad lesson that makconcessions only results in more tage-taking or other terrorist inciits. The only way to reduce ersm is to make sure that it does not ceed. The simplest way to do this is refuse to make the concessions that terrorists demand. Firmness is not y, but it works.

Our government has made clear t we will talk to anyone, any group, any government about the safety, l-being, and release of our hostages. t we have also made clear that we l not make concessions to gain their edom. The problem we have faced, te simply, is the refusal of the terists to communicate with us except ough press releases. The leaders of seven industrialized nations pledged make no concessions to terrorists en they met at the Venice summit in e. We expect our friends and allies live up to that commitment.

**Pressure on State Sponsors.** The ond element of our strategy is to ke the state sponsors of terrorism y the price for their actions. While s element of our strategy was most arly shown by our bombing raids on rorist support facilities in Libya in 6, there are also peaceful measures pressure states which support rorism.

For example, after establishing rth Korea's culpability for the deruction of Korean Air #858, we aced that nation on our list of state onsors of terrorism. We are limiting rther the issuance of visas to North reans. We are working with a number of governments to help prevent a recurrence of this event. In cooperation with the Government of South Korea, we are working to ensure the world knows what happened to Korean Air #858 and assesses blame where it belongs—with the terrorist regime in Pyongyang. However, we have to recognize that because of the very low level of our connections with Pyongyang, our ability to apply real pressure is limited. Other countries, such as the Soviet Union and China, which purport to oppose terrorism have influence in Pyongyang. They should use it now to prevent further North Korean terrorism.

We know that concerted international pressure on terrorist states works. After Western Europe imposed political, diplomatic, and economic sanctions on Libya in 1986, Libyan-sponsored terrorism in Europe dropped dramatically. Similarly, Syria expelled Abu Nidal after West European sanctions were imposed. It was another important victory for our counterterrorist strategy. Conversely, where the West has not developed a concerted strategy of pressure, state terrorism flourishes. Iranian terror tripled from 1985 to 1987.

**Program of Action—Practical Measures.** The third element of our counterterrorism strategy consists of practical measures to bring terrorists to justice—measures like the identification, tracking, apprehension, prosecution, and punishment of terrorists. This element of our strategy has developed well in the last 2 years.

We have gone on the offensive to bring terrorists to justice, to disrupt their operations, and to destroy their networks. Arrests and prosecutions of terrorists have become regular events in courtrooms throughout the world. Sentences commensurate with the crimes committed by terrorists are assessed by these courts, and these sentences are being served.

Other steps of a nonjudicial nature are also being taken. Working with our friends and allies, we are developing a better understanding of terrorist methods, in part by pooling intelligence resources. We are engaged in research to develop equipment to prevent terrorist incidents. We have strengthened security measures to protect our citizens as they work and travel abroad.

Our antiterrorism assistance program plays a crucial role in supporting this element of our comprehensive counterterrorist strategy.

**Antiterrorism Assistance Program**

The antiterrorism assistance program of the Department of State directly supports our counterterrorist strategy. Through the training and assistance provided to participants in nearly 50 nations, this program:

- Contributes to the security of Americans and our overseas facilities;
- Fosters a respect for the rule of law and human rights among trainees;
- Generates closer working relationships among counterterrorism policymakers in the United States and like-minded nations;
- Builds effective working relations between the regional security officers at our overseas facilities and counterparts in the police and law enforcement agencies of the host nation; and
- Strengthens the capabilities of the police and law enforcement services to protect senior officials and facilities of the national government. These skills, in turn, are available for the protection of American facilities and personnel.

I know that human rights are a continuing concern of the Congress and the American people. All countries seeking antiterrorism assistance are screened first by the Department's Bureau of Human Rights and Humanitarian Affairs. The Congress is then notified of all preliminary decisions concerning the inclusion of a nation in the antiterrorism assistance program. Our training stresses human rights concerns and issues throughout its curricula. All of these steps are designed to ensure that antiterrorism assistance promotes a thorough understanding among program participants of the importance of human rights in all aspects of law enforcement.

Since the beginning of the antiterrorism assistance program, over 6,000 police and security personnel from 50 nations have participated. In FY 1987, the antiterrorism assistance program trained nearly 1,500 participants from 24 countries. In addition, the program provided $1.1 million worth of communications and airport security equipment.

During FY 1988 and FY 1989, the program will continue at this training and funding level. At the same time, this program, now in its fifth year, continues to evolve. We undertook a major review of the program early in FY 1988. Our strategic plan confirmed the following orientation for the coming years.

• The antiterrorism assistance program will concentrate on its legislated objectives of security of U.S. missions and Americans overseas and aviation and maritime security.

• We will focus much of the assistance provided through the antiterrorism assistance program on those countries with high threat and strategic priority, for example the Philippines, Pakistan, and Colombia.

• We will explore needs for retraining, the modification of existing training, or the provision of equipment in support of previous training.

• We will implement an intensive evaluation system.

• We will continue our efforts to broaden coordination of U.S. assistance with that of other providers such as the United Kingdom, France, and Canada.

• My office will work to strengthen interagency cooperation.

This year and next will see the antiterrorism assistance program provide assistance to a number of countries which are emerging targets for international terrorism. As counterterrorist capabilities develop in Western Europe, North America, and parts of Asia, we find that international terrorists increasingly strike at softer targets in other regions.

Helping these nations increase their capabilities against terrorism is complex and expensive. It is complex owing to the overall weaknesses of civilian law enforcement agencies in many of these regions. The expense occurs because some of these participants cannot share, owing to economic problems, in any training-related costs. This means, for example, that in some cases the antiterrorism assistance program has to fund air travel costs that we normally expect the participating nation to meet. Another factor is the steadily rising cost of equipment, such as x-ray units for airports. As these units become increasingly sophisticated to deal with the weapons and tactics of terrorists, costs increase dramatically.

Our antiterrorism assistance is integrated into the broader U.S. effort to assist friendly nations in improving their counterterrorism capabilities. Section 502 of the International Security and Development Cooperation Act of 1985 requires the Secretary of State to coordinate all of our government's terrorism-related assistance. In my role as Chairman of the Interdepartmental Group on Terrorism, I work to ensure that all U.S. Government assistance is complementary and minimizes duplication. One of the main ways of ensuring this coordination is through the Training and Assistance Coordinating Committee chaired by John Clark, Director of the Office of Counterterrorism Programs, Bureau of Diplomatic Security.

Last year we initiated an effort to coordinate our counterterrorism assistance with selected allies. An example of our success is in West Africa, where last summer an Air Afrique flight from the Central African Republic to Paris was hijacked. Following this incident, the United States and France cooperated in providing limited training and equipment to a number of nations to prevent a recurrence of this incident. The antiterrorism program now training more than 30 West African airport and security officials at the Transportation Safety Institute in Oklahoma City. This training will be supplemented by assistance from the Federal Aviation Administration.

I strongly endorse the President's request for $9.84 million to support the antiterrorism assistance program in 1989.

[1]The complete transcript of the hearings will be published by the committee and will be available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.■

# Visit of Dominican Republic President

*President Joaquin Balaguer Ricardo of the Dominican Republic made an official working visit to Washington, D.C., March 24–25, 1988, to meet with President Reagan and other government officials.*

*Following are remarks made by the two Presidents after their meeting on March 25.*[1]

### President Reagan

It has been my great pleasure to have met with President Balaguer. His remarkable leadership has been an important element in the significant, positive role that the Dominican Republic has played in regional affairs.

President Balaguer has been a driving force throughout his country's democratic development. In 1966 he led democracy's return to the Dominican Republic after years of political uncertainty and turmoil. Indeed, he is, in many ways, the father of Dominican democracy. It's a great honor to have him here. The United States and the Dominican Republic traditionally have enjoyed very close and warm relations. Our meeting today reflected the important historical, cultural, political, and economic ties that bind our two countries. We discussed the economic problems that face us and examined possible solutions.

President Balaguer described the serious impact that low world sugar prices and declining market access are having on the Dominican Republic. I applaud his government's courageous efforts to meet difficult economic and developmental challenges through diversification and private sector investment. The U.S. Government wants to participate in these processes. Within our budget limitations, we will continue to support development and growth in the Dominican Republic.

Sharing a common hemisphere and democratic beliefs, we examined important political developments elsewhere in the Caribbean and Latin America. We are both concerned by recent events in Central America and Panama. I deeply appreciate President Balaguer's insight into these issues. We both hope for democratic and peaceful solutions to the problems of the region. We want to see an end to the pursuit of military solutions and to the massive Soviet armament that fuels that pursuit. I congratulated the President on his government's role in hosting the first Nicaraguan peace talks mediated by Cardinal Obando y Bravo. We discussed bilateral cooperation in the critical area of narcotics. I want personally to thank President Balaguer for his assistance in combatting illegal narcotics in the Caribbean. His government's efforts have been crucial, and we look forward to continued cooperation on this matter of national and hemispheric security.

So, thank you again, Mr. President, for coming to visit me today in Washington. You're a close and good friend of the United States; a leader dedicated to freedom, democracy, and peace; a trusted ally. I wish you well and look forward to working with you as our two countries face the challenges of the future.

**rsident Balaguer[2]**

Is is a beautiful spring day to pay visit on President Ronald Reagan, ich is a great honor to me, but not ly to me, but an honor which is ly a distinction on my country. I e told President Reagan today of not my personal admiration but that of whole people of the Dominican Re- lic for himself, personally, for his cies as a leader of the world in the ense of human rights, and for the gress of democratic regimes in Latin erica and throughout the world.

Together we have reviewed the bi- ral problems and issues between two countries. We have also re- ved the problems affecting other in American countries. All these ntries have been inspired by Presi- t Reagan's policies in the areas of ocracy, liberty, and for helping the k toward economic recovery. The inican Republic has received a at deal of help from the Reagan Ad- istration, especially in terms of the ibbean Basin Initiative. This is the st constructive initiative which has r come to Latin America. It is the st practical initiative and the one n which we have derived the most antage. And here I include the Good ighbor Policy of Roosevelt and the iance for Progress of President nedy, because those were theo- ical abstractions, whereas the Car- ean Basin Initiative has been ragmatic movement which has ieved a great deal of practical good our countries. The Dominican Re- lic specifically has improved its nomy, has progressed, has estab- ed a large number of free trade es, opening foreign industries, and s has reduced its unemployment e a great deal. Also, the Reagan n has permitted us to export more the United States because of the vering, or total elimination, of tariffs. e have exported more clothes, more parel, manufactured in the Domin- n Republic, as well as other products ich we have now started exporting the United States, thanks to the vering of tariff barriers, with once ain, the consequence of lowering employment.

There are problems which subsist our relations, especially in connec- n with the lowering of our sugar ota, but this we have discussed with resident Reagan and with his senior lvisers in this area of expertise. We so discussed the subject this morning on Capitol Hill with a number of Senators who are friends of the Dominican Republic. We found there a very receptive climate and feel confident that the problem will be solved, taking into account the interests of both of our countries. Our talks today regarding our policies *vis-a-vis* other countries of the region have been ones in which we have agreed on almost every point. We agreed, for example, on the subject of Haiti and on our discussions of other countries which are our neighbors. And we have almost total and virtual agreement between the two countries.

It is a great pleasure to me now to thank you, President Reagan, very warmly for your hospitality, for your great cordiality and an honor which this visit has done to my country, the Dominican Republic. If when I get home I am asked if I come with my hands full or my hands empty, I will say that my hands are very full—full of friendship, full of affection, and full of admiration for the United States and for its President, Ronald Reagan. My admiration for Ronald Reagan is nothing new. It is something which I have always spoken of, saying that he is not only a leader of his country and of the continent but a world leader—with his revolutionary economic policies, his loyalty to democratic regimes everywhere, and his fight against drug trafficking in the world.

And here I would like just to interject a word of admiration for Mrs. Reagan—for Nancy, the First Lady, whose human struggle against drug trafficking stands as an example to women all over the world, especially in Latin America, which is suffering so much from this scourge, telling us all that we all must make our own efforts to eradicate this plague in order to save the youth of this generation and succeeding generations.

Thank you, President Reagan. Believe me, your economic policies leading to the recovery of the American economy are also leading to the recovery of economies throughout the world. You will continue always to be an inspiration and a guide to me. I am always conscious of your struggle to increase the defense of human rights, to reduce unemployment, to solve the social problems of the world—things that we will do together and we will always remember in the Dominican Republic.

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[1]Made in the Rose Garden of the White House (text from Weekly Compilation of Presidential Documents of Mar. 28, 1988).

[2]President Balaguer spoke in Spanish, and his remarks were translated by an interpreter. ■

# The CBI: Important Incentives for Trade and Investment

*by Peter D. Whitney*

*Address before the Inter-American Press Association in Santo Domingo on March 23, 1988. Mr. Whitney is Director of Regional Economic Policy for the Bureau of Inter-American Affairs.*

I am very glad to have this opportunity to discuss the Caribbean Basin Initiative (CBI). Let me recall briefly the origin of the CBI in order to develop the theme that the two crucial original elements of the program, providing trade incentives and investment incentives, are now firmly established and working.

President Reagan announced his proposal for the CBI in February 1982. In that year the industrialized countries were mired in an economic recession, and economies throughout the Caribbean Basin region were feeling the effects. In 1982, many of the countries in the basin suffered declines in GDP [gross domestic product], and export revenues for the region fell by more than 15%.

So it was against this background of world recession and recession in the Caribbean Basin that the President proposed an initiative which had three elements: trade incentives, investment incentives, and increased economic aid. As often happens in the legislative process, what the President proposed emerged from Congress in a somewhat altered form in late 1983. Some exceptions were made in the free trade provisions, and the investment incentive was replaced by a convention tax deduction. Although the original plan for a tax credit for investment in the

region was not approved by Congress at that time, we were able to enrich the CBI in 1986 with two additional important investment incentives. The first is the creation of a special program for guaranteed access levels for U.S. imports of textile products assembled in CBI countries from fabric cut and formed in the United States. This is often referred to as section 807a or "super 807." It was announced by President Reagan during his visit to Grenada in February 1986.

The second additional investment incentive was part of the tax reform legislation completed at the end of 1986. This authorized the use of U.S. Tax Code Section 936 funding from Puerto Rico for investment in eligible CBI countries. Under 936 funding, the large amount of funds generated by U.S. investors in Puerto Rico can be re-lent at below-market rates to finance twin plant operations, various other investments, and development projects in CBI beneficiaries. We believe that this program has tremendous potential. For example, during the hearings on the legislation, it was estimated that as much as $100 million of these funds could be tapped in a year. We expect that this program will get off to a strong, although delayed, start this year as implementing regulations are put in place. The one requirement for CBI beneficiaries to have access to these 936 funds is that the country sign a tax information exchange agreement with the United States. As of today, Barbados, Jamaica, and Grenada have such agreements in force. Dominica's agreement merely awaits an exchange of diplomatic notes. In addition, Costa Rica and St. Lucia have signed agreements, but implementing legislation has not yet been approved.

### How Are These Trade and Investment Incentives To Work?

The idea behind these two general incentives is that the CBI offers a cooperative partnership among four actors: namely, the private sector of the United States, the private sectors of the CBI partners, the Government of the United States, and the governments of the basin. The CBI was founded on assumptions, both stated and implicit, about the role each of these four groups would play. The U.S. Government was offering greater access to our market by eliminating duties for most products from the region and promising to devote greater aid resources to the basin. In return, it was understood that the Caribbean Basin governments needed to enact policies to encourage private sector initiative. Only in this way could they fully realize the benefits of this program. The benefits are even greater now as a result of the additional incentives provided in the guaranteed access level textile program and the 936 program. It is also worth bearing in mind that the CBI by its very proclamation and by its continued publicity and activity is an effective promotional vehicle. If the two governmental actors continue to do their part, then the fundamental premise of the CBI is that the two private sector groups, in turn, will be encouraged to develop the tremendous economic potential of the basin.

### What Are the Results of the Caribbean Basin Initiative?

Many critics and the popular press have been quick to point out that total exports from the 22 designated Caribbean Basin countries to the United States have actually declined by more than 25% between 1983, the year before implementation of the program, and 1987. This is true, but the drop in the value of a single product, petroleum, whose exports are concentrated principally in three countries, more than accounts for all this decline in exports to the United States. However, nonpetroleum exports from the CBI have grown 23% between 1983 and 1987. Furthermore, exports to the United States of nontraditional products have grown by more than 50%. These include textiles and apparel, which do not enjoy duty-free treatment but which are now helped by 807a.

Thus, the fundamental purpose of the CBI—broadening and diversifying the production and export base of the region—is being fulfilled despite the disappointing results in terms of overall exports from the basin. Some concrete examples from the U.S. Department of Commerce reports, which demonstrate that the CBI is changing the composition of exports from the region, include:

- The construction of new plants in the rapidly expanding free zones of the Dominican Republic by companies such as Westinghouse, Baxter Travenol, and Hanes.
- The establishment of the completely new data entry industry for the Caribbean which employs 2,000 people in Jamaica and is growing rapidly in the Dominican Republic, Barbados, and elsewhere.
- The tremendous growth in the export of nontraditional fruits and v etables. Important sources are El S vador, Guatemala, Honduras, Jamai Trinidad and Tobago, and Costa Ric Some of the produce has widespread distribution, and some has been des tined for specialty markets.
- The establishment of electroni assembly industries in Jamaica and Dominican Republic and elsewhere export to the United States and to rope. In the small island of St. Christopher-Nevis, 400 people are n employed in five electronic assembly firms.
- The creation or expansion of i dustries—including furniture, jewel shoes, flowers, ornamental plants, sports equipment, and other nontra tional products—for export to the United States.
- And, finally, the rapid growth apparel and garment factories throu out the region—notably in Jamaica, Costa Rica, and the Dominican Republic—motivated in part by the pre ential access for Caribbean textiles (section 807a).

Expansion of apparel and textil production for export has occurred spite the ineligibility of these produ for CBI duty-free treatment. The co parative advantage of the region in business and President Reagan's announcement in early 1986 of a specia program (guaranteed access levels) CBI exports of apparel and textiles have provided an important addition trade and investment incentive. Giv the politics of textiles and apparel i the United States, which many of y are familiar with, it is remarkable t the Administration was able to deve a program as liberal as the guarante access levels. This program allows C members only to increase their expo to the United States at significantly higher rates than other, non-CBI be ficiaries. Combining guaranteed acce levels with a very successful progra stimulating the development of effici free trade zones, the Dominican Republic has dynamically increased its ports to the point of becoming the eighth largest supplier of apparel to U.S. market.

### The Future of the Caribbean Basin Initiative

While these results are gratifying, there is still a lot to be accomplished order to meet the long-term goals of creating sustained growth and structural reform in CBI countries. Also,

re are problems not directly con-
ed to the CBI which need to be
ressed, especially world sugar
cy.

Where is the CBI headed, and
t needs to be done? There is legis-
on pending in Congress to enhance
CBI. The Administration supports
t of the legislation, especially the
nsion of the life of CBI trade pref-
ices and the potential expansion of
number of products which enjoy the
ff preferences. If, for example, the
slation emerges with improved tariff
efits for previously excluded prod-
, particularly textile and leather
lucts, this could add important new
ntives for trade and investment.

**Sugar.** The main provision of the
't legislation which the Administra-
cannot support is the proposal to
ore the Caribbean Basin sugar
ta to the level which existed in 1983.
ing said that, the Administration is
ngly committed to overall reform of
inefficient and, what Secretary
ltz has called, "indefensible" sugar
cy. When President Reagan signed
1985 Farm Act, he emphasized his
ef that we were running an ineffi-
t domestic sugar support program
he expense of our foreign trading
tners and that our sugar policy and
of others, like the European Com-
nity (EC) nations, have to be seri-
ly overhauled. U.S. policy is based
an artificially high U.S. support
e for sugar, which encourages high-
t U.S. production and production of
stitutes and discourages consump-
n. This is the cause of our dramat-
ly declining imports.

Recognition that sugar is a world-
le problem is essential to its solu-
n. More than 110 countries produce
ar, and more than 50 are exporters.
e international sugar market is rid-
d with distortions. Many countries,
just the United States, have pro-
ms to protect domestic producers.
example, the European Commu-
ies' sugar program has transformed
EC from a net importer of 1.5 mil-
n tons annually in the mid-1970s into
et exporter of 2.8 million tons in the
d-1980s. A significant portion of the
rld trade in sugar—including trade
the United States, the European
mmunity, and the Soviet Union—is
nsacted at artificially high prices.
e rest of the international sugar mar-
t is plagued by the vagaries of cli-
te, and prices tend to be extremely
latile. All this argues that the only
y to rationalize the international
sugar market is the approach that the United States has proposed to the Negotiating Group on Agriculture in the Uruguay Round of multilateral trade negotiations. Our proposal calls for the complete elimination of all subsidies and the repeal of all barriers to agricultural trade over a 10-year period.

In the short run, the Administration has supported various pieces of legislation which call for a reduction in our domestic support price for sugar. There is also the program known as the Inouye amendment which would allow an increase in imports from CBI countries and the Philippines for the purpose of refining and then reexporting with subsidy from the United States. The Administration, however, has found a number of problems in the language as passed by Congress regarding the authority and funding for the program.

**Aid.** When the CBI began, in addition to the important trade and investment incentives, the United States committed itself to significantly increase economic assistance to the region. This has been achieved. Our present bilateral aid, even with cuts that resulted from efforts to deal with the Federal budget deficit, is still 2½ times more than the level of our bilateral assistance before the CBI. Negotiations are continuing with Congress to deal with some of the problems of how we distribute our aid among countries. This arose as a result of the Continuing Resolution passed by Congress at the end of 1987, which dictated the destination of over 96% of what we call our ESF [Economic Support Fund] program. ESF is our major aid program and provides balance-of-payments support in exchange for policy reforms. While we expect larger amounts of bilateral assistance in 1989, it is unrealistic to expect major increases in bilateral assistance of the type we were able to achieve immediately after the formation of the CBI.

### Economic Reform and the Partnership for Growth

The efforts to enhance the CBI legislation and to reform world sugar policy are crucial, but we should not allow these efforts to let us forget, or to disguise the fact, that effective trade and investment incentives have already been created. The message of the CBI is a calling for a change in the overall philosophy of doing business in the basin. Many CBI beneficiaries have acted to create a more modern and dynamic environment for private sector activity. For example, a number of countries have moved toward more competitive and market-based exchange rates. Others, either on their own or working with ESF funds from the United States or with program loans from the multilateral development banks, have taken steps in the direction of freeing trade. The IMF [International Monetary Fund] and the World Bank have been reinvigorated recently and are more able than ever to work with the CBI countries on economic adjustment. The Administration supports the World Bank's request for a $75-billion general capital increase so that the Bank can increase its capacity to assist.

Despite this progress, however, a great deal remains to be done. Some countries have maintained overvalued exchange rates which have stimulated their imports and made their exports higher priced and less competitive. Other countries have impeded true economic incentives from working by resorting to price controls or by running unsustainable fiscal deficits, which have resulted in the government crowding out the private sector for scarce loanable funds. Finally, there are so many steps that the governments of the region still could take to reduce the regulations, red tape, and other impediments to carrying out normal business operations.

We believe that the economic potential for the Caribbean Basin is tremendous. The CBI already has and will continue to help realize that potential. The CBI is not just a Reagan program. It enjoys solid bipartisan support in the U.S. Congress. Most important, trade and investment incentives and an overall promotional effort are in place. These incentives have already brought significant results in terms of investment, export growth, and job creation, and the 936 program should provide a major new incentive as it gets underway. We expect that the four groups which are in a sense the "contracting parties" of the CBI—the private sectors and governments of the basin and of the United States—will continue to work together to bring about further market-oriented policy reforms. If we are correct, there is no reason why the CBI cannot be a major factor in achieving our long-run objectives of sustained economic growth and stronger democratic political systems throughout the region.■

## Current Actions

### MULTILATERAL

**Arbitration**
Convention on the recognition and enforcement of foreign arbitral awards. Done at New York June 10, 1958. Entered into force June 7, 1959; for the U.S. Dec. 29, 1970. TIAS 6997.
Accession deposited: Bahrain, Apr. 6, 1988.

**Aviation**
Convention on international civil aviation. Done at Chicago Dec. 7, 1944. Entered into force Apr. 4, 1947. TIAS 1591.

Protocol on the authentic trilingual text of the convention on international civil aviation (TIAS 1591), with annex. Done at Buenos Aires Sept. 24, 1968. Entered into force Oct. 24, 1968. TIAS 6605.
Adherence deposited: Marshall Islands, Mar. 18, 1988.

Convention on offenses and certain other acts committed on board aircraft. Done at Tokyo Sept. 14, 1963. Entered into force Dec. 4, 1969. TIAS 6768.
Accession deposited: Ukrainian S.S.R., Feb. 29, 1988.

Convention for the suppression of unlawful seizure of aircraft. Done at The Hague Dec. 16, 1970. Entered into force Oct. 14, 1971. TIAS 7192.
Accession deposited: Cameroon, Apr. 14, 1988.

**Expositions**
Protocol revising the convention of Nov. 22, 1928, relating to international expositions, with appendix and annex. Done at Paris Nov. 30, 1972. Entered into force June 9, 1980.
Notification of denunciation: El Salvador, Oct. 5, 1987; effective Oct. 5, 1988.

**Finance—Investment Guarantees**
Convention establishing the multilateral investment guarantee agency, with annexes and schedules. Done at Seoul Oct. 11, 1985. Entered into force Apr. 12, 1988.
Acceptance deposited: U.S., Apr. 12, 1988.

**Finance—International Fund for Agricultural Development**
Agreement establishing the international fund for agricultural development. Done at Rome June 13, 1976. Entered into force Nov. 30, 1977. TIAS 8765.
Accession deposited: Trinidad and Tobago, March 24, 1988.

**Fisheries**
Pacific Island regional fisheries treaty, with annexes and agreed statement. Done at Port Moresby Apr. 2, 1987.[1] [Senate] Treaty Doc. 100–5.
Ratifications deposited: Kiribati, Jan. 19, 1988; Niue, Feb. 15, 1988; Palau, Nov. 6, 1987.

**Marine Pollution**
Convention for the protection and development of the marine environment of the wider Caribbean region, with annex. Done at Cartagena Mar. 24, 1983. Entered into force Oct. 11, 1986. [Senate] Treaty Doc. 98–13.
Proclaimed by the President: Apr. 19, 1988.

**Nuclear Test Ban**
Treaty banning nuclear weapon tests in the atmosphere, in outer space, and under water. Done at Moscow Aug. 5, 1963. Entered into force Oct. 10, 1963. TIAS 5433.
Ratification deposited: Pakistan, Mar. 3, 1988.

**Pollution**
Montreal protocol on substances that deplete the ozone layer, with annex. Done at Montreal Sept. 16, 1987.[1] [Senate] Treaty Doc. 100–10.
Signatures: Byelorussian S.S.R., Jan. 22, 1988; Israel, Jan. 14, 1988; Luxembourg, Jan. 29, 1988; Morocco, Jan. 7, 1988.
U.S. instrument of ratification signed by the President: Apr. 5, 1988.
Ratification deposited: U.S., Apr. 21, 1988.
Acceptance deposited: Mexico, Mar. 31, 1988.

**Rubber**
International natural rubber agreement, 1987, with annexes. Done at Geneva Mar. 20, 1987.[1] [Senate] Treaty Doc. 100–9.
Signatures: Finland, Norway, Sweden, Dec. 21, 1987.

**Sugar**
International sugar agreement, 1987, with annexes. Done at London Sept. 11, 1987. Entered into force provisionally Mar. 24, 1988.
Notifications of provisional application: Guatemala, Dec. 17, 1987; Swaziland, Jan. 29, 1988; Thailand, Mar. 28, 1988; Zimbabwe, Mar. 30, 1988.
Acceptances deposited: Japan, Norway, Dec. 21, 1987.
Accession deposited: Barbados, Apr. 4, 1988; Togo, Mar. 30, 1988.
Approval deposited: European Economic Community (EEC), Dec. 18, 1987.

**Timber**
International tropical timber agreement, 1983, with annexes. Done at Geneva Nov. 18, 1983. Entered into force provisionally Apr. 1, 1985; for the U.S. Apr. 26, 1985.
Ratification deposited: Ecuador, Jan. 19, 1988.

**Trade—Textiles**
Arrangement regarding international trade in textiles, with annexes. Done at Geneva Dec. 20, 1973. Entered into force Jan. 1, 1974. TIAS 7840.

Protocol extending the arrangement regarding international trade in textiles of Dec. 20, 1973, as extended. Done at Geneva July 31, 1986. Entered into force Aug. 1, 1986; for the U.S. Aug. 5, 1986.
Acceptance deposited: Costa Rica, Mar. 14, 1988.

### BILATERAL

**Bahamas**
Treaty on mutual assistance in criminal matters, with related notes. Signed at Nassau June 12 and Aug. 18, 1987.[1] [Senate] Treaty Doc. 100–17.
Transmitted to the Senate: Apr. 13, 19

**Belgium**
Treaty on mutual legal assistance in cr nal matters. Signed at Washington Jan. 1988.[1] [Senate] Treaty Doc. 100–16.
Transmitted to the Senate: Mar. 29, 19

Agreement concerning relief from doub taxation on income derived from the op tion of ships and aircraft. Effected by change of notes at Washington Oct. 14, 1987, and Mar. 21, 1988. Entered into f Mar. 21, 1988.
Supersedes agreement of Jan. 28, 1936 Stat. (pt. 2), 3871), and agreement of July 18, 1953 (TIAS 2858).

**Colombia**
Agreement relating to trade in cotton teen fabrics, with annexes. Effected by exchange of notes at Bogota Jan. 6 and Mar. 1, 1988. Entered into force Mar. 1, 1988; effective Apr. 1, 1987.

**Dominican Republic**
Agreement amending special access ag ment of Dec. 18, 1986, as amended, rel to trade in cotton, wool, and manmade fiber textiles and textile products. Effected by exchange of notes at Washing Mar. 22 and Apr. 8, 1988. Entered into force Apr. 8, 1988.

**Egypt**
Agreement amending agreement of De and 28, 1977 (TIAS 8973), as amended, lating to trade in textiles and textile p ucts. Effected by exchange of notes at Cairo Mar. 7 and 14, 1988. Entered into force Mar. 14, 1988.

Memorandum of understanding concern the exchange of scientists and engineer and mutual cooperation in research and velopment, procurement, and logistic s port of defense equipment, with annex. Signed at Washington Mar. 23, 1988. E tered into force Mar. 23, 1988.

**France**
Agreement amending and extending th terim agreement of Feb. 24, 1987, relati to the employment of dependents of off government employees. Effected by exchange of notes at Paris Dec. 31, 1987. tered into force Dec. 31, 1987.

**Grenada**
Agreement concerning the establishme of a radio relay station of the U.S. Info mation Agency (Voice of America) on t Island of Grenada. Signed at St. George Sept. 29, 1987.
Entered into force: Mar. 23, 1988.

**and**
eement relating to the agreement of 25, 1986, on preinspection, with ap- lix. Effected by exchange of notes at hington Mar. 31, 1988. Entered into e Mar. 31, 1988.

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eement for scientific and technological eration. Signed at Rome Apr. 1, 1988. ered into force Apr. 1, 1988.

**occo**
eement regarding the consolidation and heduling of certain debts owed to, anteed by, or insured by the U.S. Gov- nent and its agencies, with annexes. ed at Rabat Mar. 1, 1988. Entered into e Apr. 11, 1988.

eement relating to the agreement of 25, 1987, for sales of agricultural com- ities. Signed at Rabat Mar. 25, 1988. ered into force Mar. 25, 1988.

**istan**
eement relating to the agreement of 25, 1987, for sales of agricultural com- ities. Signed at Islamabad Mar. 24, 9. Entered into force Mar. 24, 1988.

**u**
eement relating to employment of de- dents of official government employees. ected by exchange of notes at Lima . 27, 1987, and Feb. 17, 1988. Entered n force Feb. 17, 1988.

**lippines**
eement amending the agreement of t. 16, 1982, as amended, concerning air nsport services (TIAS 10443). Effected exchange of notes at Manila May 29, 7, and Jan. 13, 1988. Entered into force . 13, 1988.

**tugal**
reement on social security, with admin- rative arrangement. Signed at Lisbon r. 30, 1988. Enters into force on the t day of the third month following the e of the last notification by the Con- cting States of completion of their re- ctive statutory and constitutional ocedures.

**mania**
reement amending and extending agree- nt of Jan. 28 and Mar. 31, 1983, as ended, relating to trade in cotton tex- es. Effected by exchange of notes at charest Dec. 30 and 31, 1987. Entered o force Dec. 31, 1987.

greement amending agreement of Nov. 6 d 17, 1984, as amended, relating to trade wool and manmade fiber textiles and xtile products. Effected by exchange of tes at Bucharest Dec. 30 and 31, 1987. ntered into force Dec. 31, 1987.

**. Christopher & Nevis**
greement amending the air services reement of July 23, 1977, as amended, between the U.S. and the U.K. (TIAS 8641, 8965, 9722, 10059), as applied to air services between the U.S. and St. Kitts & Nevis. Effected by exchange of notes at St. John's and Basseterre Aug. 11 and Nov. 30, 1987. Entered into force Nov. 30, 1987.

**Senegal**
Agreement extending the agreement of Jan. 30 and Feb. 5, 1981, as amended and extended (TIAS 10088, 10325), regarding the establishment and operation of a space vehicle tracking and communication facility in connection with the space shuttle. Effected by exchange of notes at Dakar Oct. 20 and Nov. 24, 1987. Entered into force Nov. 24, 1987; effective Dec. 31, 1987.

**Singapore**
Agreement amending the agreement of Sept. 30, 1985, with respect to mutual exemption from taxation of income of air transport. Effected by exchange of notes at Singapore Feb. 11 and Mar. 24, 1988. Entered into force Mar. 24, 1988.

**Spain**
Second supplementary treaty on extradition. Done at Madrid Feb. 9, 1988. Enters into force 30 days after the exchange of instruments of ratification.

**Swaziland**
International express mail agreement, with detailed regulations. Signed at Mbabane and Washington Mar. 3 and Apr. 6, 1988. Entered into force May 1, 1988.

**U.S.S.R.**
International express mail agreement, with detailed regulations. Signed at Moscow Mar. 31, 1988. Entered into force May 1, 1988.

Declaration on international guarantees (Afghanistan Settlement Agreement). Signed at Geneva Apr. 14, 1988. Entered into force May 15, 1988.

Memorandum of cooperation in the field of civilian nuclear reactor safety. Signed at Washington Apr. 26, 1988. Entered into force Apr. 26, 1988.

**Yemen Arab Republic**
Agreement relating to the agreement of May 6, 1987, for sales of agricultural commodities. Signed at Sanaa Mar. 9, 1988. Entered into force Mar. 9, 1988.

**Zaire**
Agreement regarding the consolidation and rescheduling of certain debts owed to, guaranteed by, or insured by the U.S. Government and its agencies, with annexes. Signed at Kinshasa Feb. 20, 1988. Entered into force Apr. 18, 1988.

Agreement for sales of agricultural commodities. Signed at Kinshasa Feb. 24, 1988. Entered into force Feb. 24, 1988.

[1]Not in force. ■

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|---|---|---|
| *52 | 4/4 | Charles N. Brower appointed substitute arbitrator on the Iran-U.S. Claims Tribunal. |
| 53 | 4/4 | Revision of the International Traffic in Arms Regulations (ITAR). |
| *54 | 4/8 | Shultz, Andreotti: remarks at signing ceremony of U.S.-Italy scientific and technology agreement, Rome, Apr. 1. |
| *55 | 4/8 | Shultz: news conference, Rome, Apr. 2. |
| 56 | 4/6 | Shultz: interview by Israeli editors and correspondents, Jerusalem, Apr. 3. |
| 57 | 4/7 | Shultz: interview by Yoram Ronnen of Israel Television, Jerusalem, Apr. 3. |
| 58 | 4/11 | Shultz: arrival statement, Jerusalem, Apr. 3. |
| 59 | 4/11 | Shultz: interview by editors of Jordanian newspapers, Amman, Apr. 5. |
| 60 | 4/12 | Shultz: interview on Israeli TV's "MOKED" ("FOCUS") interview program, Jerusalem, Apr. 6. |
| 61 | 4/12 | Shultz: departure statement, Jerusalem, Apr. 6. |
| 62 | 4/12 | Shultz: news briefing, Amman, Apr. 8 |
| *63 | 4/12 | Shultz: news briefing, White House, Apr. 11. |
| 64 | 4/13 | Shultz: statement, question-and-answer session, Qasim, Saudi Arabia, Apr. 7. |
| 65 | 4/15 | *Foreign Relations of the United States: Memoranda of Conversation of the Secretary of State, 1947–1952*, microfiche released. |
| *66 | 4/14 | Whitehead: remarks at ceremony for "Days of Remembrance of Victims of the Holocaust." |
| *67 | 4/15 | Shultz: arrival statement, Geneva airport, Apr. 14. |
| 68 | 4/15 | Shultz: statement, question-and-answer session following signing of Afghanistan agreements, Geneva, Apr. 14. |
| *69 | 4/22 | Shultz: arrival statement, Helsinki, Apr. 20. |
| *70 | 4/22 | Shultz: news conference, Helsinki, Apr. 20. |
| *71 | 4/22 | Shultz: remarks at human rights reception, Moscow, Apr. 21. |

| | | |
|---|---|---|
| *72 | 4/22 | Program for the official visit to Washington, D.C., of Prime Minister Mulroney of Canada, Apr. 26–28. |
| *73 | 4/25 | Shultz: interview by Dr. Valentin Zorin of Soviet TV, Moscow, Apr. 22. |
| *74 | 4/26 | Shultz: interview on NBC-TV's "Today Show," Brussels, Apr. 25. |
| *75 | 4/25 | Shultz: interview by *New Times* Magazine, Moscow, Apr. 22. |
| *76 | 4/26 | Shultz: news conference, Novosti Press Center, Moscow, Apr. 22. |
| *77 | 4/28 | Shultz: news conference, Brussels, Apr. 25. |
| *78 | 4/27 | International air cargo study released by Departments of State and Transportation. |
| *79 | 4/28 | Shultz: luncheon toast in honor of Canadian Prime Minister Mulroney, Apr. 27. |
| 80 | 4/29 | Shultz: address before the Massachusetts Institute of Technology's alumni dinner, Apr. 28. |

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Reductions in Strategic Arms: START Negotiations (GIST, Apr. 1988).

**Canada**

U.S.-Canada Relations (GIST, Apr. 1988).

**East Asia**

Pacific Development and the New Internationalism, Policy Planning Staff Director Solomon, Pacific Future Conference, Los Angeles, Mar. 15, 1988 (Current Policy #1060).

**Economics**

International Investment Policy (GIST, Apr. 1988).

Protectionism (GIST, Apr. 1988).

U.S. Shipping Policy (GIST, Apr. 1988).

**General**

Principled Realism: A Foundation for U.S. Foreign Policy, Deputy Secretary Whitehead, Hans J. Morgenthau Award Dinner of the National Committee on American Foreign Policy, New York City, Mar. 16, 1988 (Current Policy #1059).

Meeting the Challenge of Budgetary Austerity, Under Secretary Spiers, Subcommittee on Commerce, Justice, State, and the Judiciary, House Appropriations Committee, Mar. 30, 1988 (Current Policy #1064).

**Middle East**

U.S. Role in the Persian Gulf and the Middle East Peace Process, Assistant Secretary Murphy, the Citadel, Charleston, Mar. 22, 1988 (Current Policy #1062).

FY 1989 Assistance Proposals for the Middle East and North Africa, Assistant Secretary Murphy, Subcommittee on Foreign Operations, House Appropriations Committee, Mar. 24, 1988 (Current Policy #1063).

**Narcotics**

Presidential Certification of Narcotics Source Countries, Assistant Secreta Wrobleski, Senate Foreign Relations Committee, Mar. 14, 1988 (Current P #1061).

**Nuclear Policy**

U.S. Nuclear Testing Policy (GIST, Apr. 1988).

**Western Hemisphere**

The CBI: Important Incentives for Tra and Investment, Director of Regiona Economic Policy for the Bureau of In American Affairs Whitney, Inter-American Press Association, Santo Domingo, Mar. 23, 1988 (Current Pol #1065). ■

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une 1988
olume 88, No. 2135

**fghanistan**
fghanistan Day, 1988 (proclamation) ... 60
greements on Afghanistan (Noorani, Shevardnadze, Shultz, Reagan, Wakil, U.S. statement, text of agreements) ... 54
**frica**
Y 1989 Assistance Proposals for the Middle East and North Africa (Murphy) ..... 40
residential Certification of Narcotics Source Countries (Wrobleski) ..... 47
**rms Control**
rincipled Realism: A Foundation for U.S. Foreign Policy (Whitehead) ..... 33
DI Anniversary (Reagan) ..... 22
**viation.** Challenges in International Civil Aviation Negotiations (Shane) ..... 27
**ongress**
Y 1989 Assistance Proposals for the Middle East and North Africa (Murphy) ..... 40
nternational Activities in Science and Technology (message to the Congress) . 53
nternational Cooperation to Study Climate Change (Smith) ..... 52
Iuclear Cooperation with EURATOM (letter to the Congress) ..... 51
residential Certification of Narcotics Source Countries (Wrobleski) ..... 47
6th Report on Cyprus (message to the Congress) ..... 32
J.S. Antiterrorism Assistance Program (Bremer) ..... 61
J.S. Responds to Iranian-Placed Mines in Persian Gulf, (Reagan, Walters, White House statement, letters to the Congress and UN Security Council, message to Iran) ..... 35
**Cyprus.** 36th Report on Cyprus (message to the Congress) ..... 32
**Denmark.** U.S. Concerns over Danish Parliamentary Resolution (Department statement) ..... 31
**Dominican Republic.** Visit of Dominican Republic President (Balaguer, Reagan) ..... 64
**East Asia**
Presidential Certification of Narcotics Source Countries (Wrobleski) ..... 47
The U.S. and the Pacific Basin: Trade and Adjustment Issues (Wallis) ..... 23
**Economics**
The CBI: Important Incentives for Trade and Investment (Whitney) ..... 65
The U.S. and the Pacific Basin: Trade and Adjustment Issues (Wallis) ..... 23
The Winning Hand: American Leadership and the Global Economy (Shultz) ..... 18
**Egypt.** Secretary Meets With Middle East Leaders ..... 1
**Environment**
International Cooperation to Study Climate Change (Smith) ..... 52
President Signs Protocol on Ozone-Depleting Substances (Reagan) ..... 30
**Ethiopia.** Ethiopia (Department statement) ..... 21
**Foreign Assistance.** FY 1989 Assistance Proposals for the Middle East and North Africa (Murphy) ..... 40
**Greece.** Greek Independence Day, 1988 (proclamation) ..... 31
**Iran.** U.S. Responds to Iranian-Placed Mines in Persian Gulf (Reagan, Walters, White House statement, letters to the Congress and UN Security Council, message to Iran) ..... 35
**Ireland.** Northern Ireland (Reagan) ..... 32
**Israel**
An American Vision of Peace in the Middle East (Murphy) ..... 37
Secretary Meets With Middle East Leaders ..... 1
U.S., Israel Formalize and Extend Consultative Groups (White House statement) ..... 39
Visit of Israel Prime Minister (Reagan, Shamir) ..... 39
**Japan.** The U.S. and the Pacific Basin: Trade and Adjustment Issues (Wallis) . 23
**Jordan.** Secretary Meets With Middle East Leaders ..... 1
**Middle East**
An American Vision of Peace in the Middle East (Murphy) ..... 37
FY 1989 Assistance Proposals for the Middle East and North Africa (Murphy) ..... 40
Presidential Certification of Narcotics Source Countries (Wrobleski) ..... 47
Principled Realism: A Foundation for U.S. Foreign Policy (Whitehead) ..... 33
U.S. Role in the Persian Gulf and the Middle East Peace Process (Murphy) .. 43
**Military Affairs.** Regulations Revised on Arms Trafficking ..... 46
**Monetary Affairs.** Finance Ministers Discuss Trade and Monetary Policies (statement) ..... 26
**Narcotics.** Presidential Certification of Narcotics Source Countries (Wrobleski) ..... 47
**Nuclear Policy**
Nuclear Cooperation with EURATOM (letter to the Congress) ..... 51
U.S. Concerns Over Danish Parliamentary Resolution (Department statement) .... 31
**Pacific.** The U.S. and the Pacific Basin: Trade and Adjustment Issues (Wallis) .. 23
**Pakistan.** Agreements on Afghanistan (Noorani, Shevardnadze, Shultz, Reagan, Wakil, U.S. statement, text of agreements) ..... 54
**Presidential Documents**
Afghanistan Day, 1988 (proclamation) .... 60
Agreements on Afghanistan (Noorani, Shevardnadze, Shultz, Reagan, Wakil, U.S. statement, text of agreements) ... 54
Greek Independence Day, 1988 (proclamation) ..... 31
International Activities in Science and Technology (message to the Congress) . 53
Northern Ireland ..... 32
Nuclear Cooperation With EURATOM (letter to the Congress) ..... 51
President Signs Protocol on Ozone-Depleting Substances ..... 30
SDI Anniversary ..... 22
36th Report on Cyprus (message to the Congress) ..... 32
U.S. Responds to Iranian-Placed Mines in Persian Gulf (Reagan, Walters, White House statement, letters to the Congress and UN Security Council, message to Iran) ..... 35
Visit of Dominican Republic President (Balaguer, Reagan) ..... 64
Visit of Israeli Prime Minister (Reagan, Shamir) ..... 39
**Publications**
Background Notes ..... 70
Department of State ..... 70
**Saudi Arabia.** Secretary Meets With Middle East Leaders ..... 1
**Science & Technology.** International Activities in Science and Technology (message to the Congress) ..... 53
**Security Assistance.** FY 1989 Assistance Proposals for the Middle East and North Africa (Murphy) ..... 40
**South Asia.** Presidential Certification of Narcotics Source Countries (Wrobleski) ..... 47
**Syria.** Secretary Meets With Middle East Leaders ..... 1
**Terrorism.** U.S. Antiterrorism Assistance Program (Bremer) ..... 61
**Trade**
The CBI: Important Incentives for Trade and Investment (Whitney) ..... 65
Finance Ministers Discuss Trade and Monetary Policies (statement) ..... 26
The U.S. and the Pacific Basin: Trade and Adjustment Issues (Wallis) ..... 23
**Treaties**
Agreements of Afghanistan (Noorani, Shevardnadze, Shultz, Reagan, Wakil, U.S. statement, text of agreements) ... 54
Current Actions ..... 68
President Signs Protocol on Ozone-Depleting Substances (Reagan) ..... 30
U.S., Israel Formalize and Extend Consultative Groups (White House statement) ..... 39
**U.S.S.R.** Agreements of Afghanistan (Noorani, Shevardnadze, Shultz, Reagan, Wakil, U.S. statement, text of agreements) ..... 54
**United Nations.** U.S. Responds to Iranian-Placed Mines in Persian Gulf (Reagan, Walters, White House statement, letters to the Congress and UN Security Council, message to Iran) ..... 35
**Western Hemisphere**
The CBI: Important Incentives for Trade and Investment (Whitney) ..... 65
Presidential Certification of Narcotics Source Countries (Wrobleski) ..... 47
Principled Realism: A Foundation for U.S. Foreign Policy (Whitehead) ..... 33

*Name Index*

Balaguer Ricardo, Joaquin ..... 64
Bremer, L. Paul, III ..... 61
Murphy, Richard W ..... 37, 40, 43
Noorani, Zain ..... 54
Reagan, President ... 22, 30, 31, 32, 35, 39, 51, 53, 54, 60, 64
Shamir, Yitzhak ..... 39
Shane, Jeffrey N ..... 27
Shevardnadze, Eduard ..... 54
Shultz, Secretary ..... 1, 18, 54
Smith, Richard J ..... 52
Wakil, Abdul ..... 54
Wallis, W. Allen ..... 23
Walters, Vernon A ..... 35
Whitehead, John C ..... 33
Whitney, Peter D ..... 65
Wrobleski, Ann B ..... 47

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